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Our 1994 Annual Report

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Quick. Name a soft drink.



FINANCIAL HIGHLIGHTS

Year Ended December 31,	1994	1993	Percent Change
<i>(In millions except per share data and ratios, as reported)</i>			
Total return (share price appreciation plus reinvested dividends)	17.1 %	8.2 %	—
Closing market price per share	\$ 51.50	\$ 44.63	15 %
Net operating revenues	\$ 16,172	\$ 13,957	16 %
Operating income	\$ 3,708	\$ 3,102	20 %
Net income	\$ 2,554	\$ 2,176	17 %
Net income per share	\$ 1.98	\$ 1.67	19 %
Cash dividends per share	\$.78	\$.68	15 %
Average shares outstanding	1,290	1,302	(1)%
Share-owners' equity at year-end	\$ 5,235	\$ 4,584	14 %
Return on equity	52.0 %	51.7 %	—

For a discussion of nonrecurring items affecting 1993 amounts reported above, please refer to the quarterly data on p. 67.

On our cover:

Just outside of Austin, Texas,
a billboard heralds the return of
the unmistakable contour bottle.



1994 Annual Report

The Coca-Cola Company

Gearing Up The Machine
For Sustained, Profitable Growth
Through Consumer Marketing

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To Our Share Owners:

I'll get straight to the point. The Coca-Cola Company has momentum, and we have no intention of letting it go.

After three years of our international volume growing at a pace below our own demanding expectations, our focused actions helped us solidly achieve our long-term volume and earnings growth rate targets in 1994.

Led by 11 percent growth in our international markets, our worldwide unit case volume increased 10 percent. This strong worldwide performance rode on the sturdy shoulders of our most developed markets, complemented by extremely rapid growth in practically all of our emerging markets. Notably, unit case volume for Coca-Cola, our 108-year-old flagship product, grew a remarkable 8 percent worldwide.

Volume growth is the fundamental component of our long-term success, and our accomplishments last year in that arena translated into highly favorable numbers in every measure of our financial performance. Operating income grew 20 percent. Earnings per share grew 19 percent. Economic profit grew 35 percent.

The Real Bottom Line

Most important, we generated a total return on your investment — stock price appreciation plus

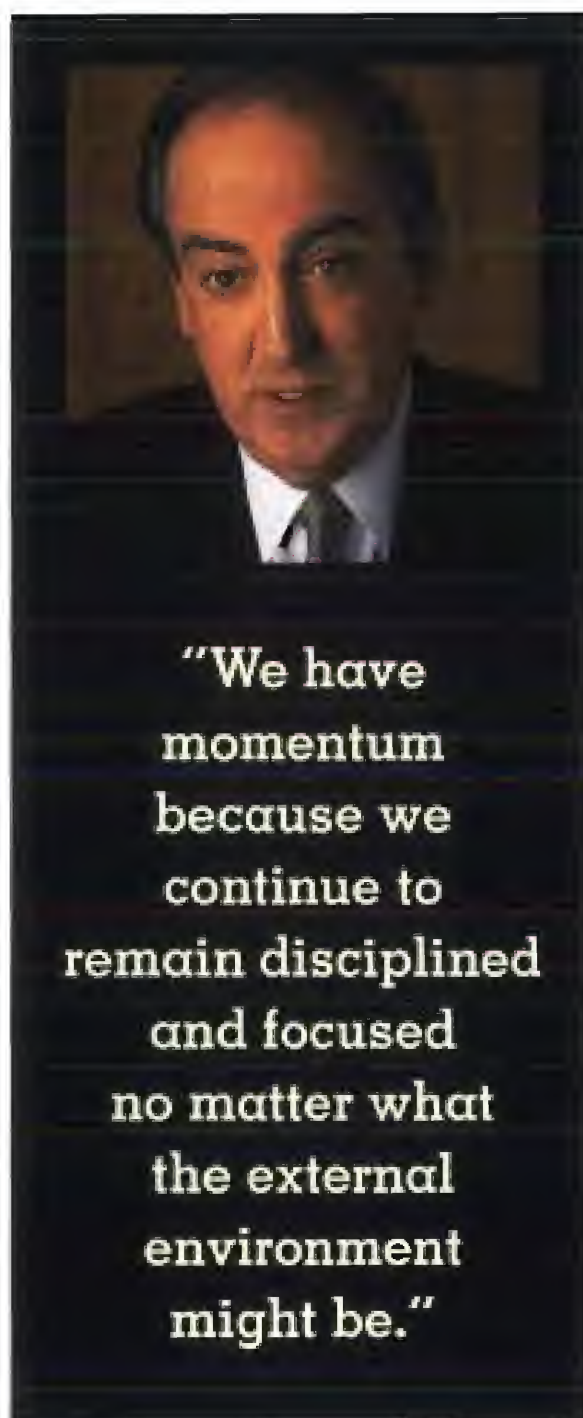
dividends — of 17 percent in 1994, giving us an average annual total return over the past five years of 23 percent. Our 1994 share price appreciation of 15 percent looks especially attractive when viewed against the contrasting backdrop of a U.S. stock market that declined 2 percent last year, as measured by the S&P 500 Index.

As the fourth most valuable company in the United States, up from eighth at the start of this decade and 20th as recently as 1987, we watched our market capitalization grow \$7.8 billion in 1994 to nearly \$66 billion. That *increase* is larger than the *total* capitalization of all but some 100 U.S.-based public companies.

We do not, however, enjoy all this momentum by accident. We have momentum because we continue to remain disciplined and focused no matter what the external environment might be. In 1994, we invested nearly \$900 million in capital

projects and channeled more than four times that amount into aggressive marketing investments.

As we have said before, we obviously have little control over global economic trends, currency fluctuations and devaluations, natural disasters, political upheavals, social unrest, bad weather or schizophrenic stock markets. We *do*, however, have complete control over our own



behavior, an accountability we relish.

Last year, we behaved in very much the same way we did during the 12 years before. Since the early 1980s, we have clearly understood that the best way to generate consistently strong short-term results is to keep our attention riveted on the long term.

That long-term orientation has forced a substantive evolution at our Company over the last decade and a half. In effect, we have been systematically building a global business machine capable of sustaining strong, profitable growth as we proceed along the road of success well into the next century. Step by step, we have aggressively tackled the most important long-term priority of each day, and then quickly moved on to the next.

Geographic Expansion

Refusing to neglect any territory anywhere in the world, we have long pursued geographic expansion as a fundamental means of growth. Through our own persistence, the end of the Cold War and the fundamental transformations of many important local economies, we have more than doubled since 1980 the number of potential consumers truly within our reach.

This has not been rocket science, just good, common business sense. After all, we market a brand with a uniquely universal appeal, and we have not entered a single new market where we did not benefit from a substantial existing demand for Coca-Cola.

Financial Reformation

We also began to capitalize on another

significant resource: the naturally strong cash flow of our business. By the early 1980s, the financial prudence that protected our Company so well earlier in the century had ossified, effectively trapping a live organism within the hard constrictions of its own fossil shell.

One by one, we began taking important steps to reform our financial policies. With a pristine balance sheet, we began prudently using debt to make investments in our business that offered returns significantly in excess of the cost of that debt. We began increasing our annual dividend at a rate slower than our earnings growth, lowering our payout ratio from 65 to 40 percent, thus freeing up \$3.4 billion since 1983 to invest in our operations. At its February 1995 meeting, our Board approved a 13 percent dividend increase, raising our quarterly dividend to 22 cents per share, our 33rd consecutive annual increase.

We also put our financial resources to work in repurchasing our own shares, which continues to be one of the wisest investments we can make. Since beginning our repurchase programs in 1984, we have captured more than \$10 billion in share price appreciation, including the \$100 million we captured in 1994 by repurchasing 25 million shares at an average cost of \$47. Having repurchased 454 million shares since 1984, our earnings per share have grown at an average annual compounded rate of 17 percent. Had we not repurchased those shares, that rate would have been 14 percent.

We also shifted our focus to new, clearly superior measurements of our performance. We now evaluate our business units and opportunities based primarily on their ability to generate attractive economic profit, not just growth in revenues or earnings. We define economic profit as net operating profit after taxes, less a charge for the average cost of the capital employed to produce that profit. That shift in evaluation methodology prompted us to begin divesting ourselves of businesses with financial characteristics inferior to the remarkable fundamentals of our core soft drink business.

In sports, coaches can only be as good as their players. In business, the same holds true, as managers can only be as good as their businesses. Eager to be worthy managers of your investment, we purposefully narrowed our lines of business to those that would inherently make us shine. Today, we operate as an enterprise focused almost entirely on a soft drink concentrate business that consistently generates returns nearly three times greater than our average cost of capital. That core business is augmented by our selective holdings in key bottling operations around the world, and nicely complemented by Coca-Cola Foods, a solid long-term performer.

Infrastructure Fortification

As we were moving ahead with geographic expansion and financial reformation, we began a third, complementary thrust. We began using our financial resources to fortify our global bottling

network, taking a global distribution system that was already the world's most widespread and making it also the world's strongest and most efficient.

The methods we used varied. Some were as simple as encouraging the sale of bottling companies to owners who shared our prejudice for action and heavy reinvestment. Others involved injecting equity capital and management expertise in bottlers eager to have our participation. And still others were as complex as helping create the largest soft drink bottling company in the world, Coca-Cola Enterprises Inc.

Whatever the method, the results were the same. In addition to making our system more cost-effective, we also equipped it to better meet the evolving needs of our customers, who in turn were better able to make our products available to our consumers.

Entering 1995, we look back on all these accomplishments with two thoughts. First, these initiatives are not finished. And second, they never will be. That's because the world will not stop changing, and we will not stop trying to stay ahead of the world.

To most effectively do that, we have begun a fourth initiative. If the first three initiatives were directed at creating the best machine possible, then our fourth initiative is directed at equipping that machine with a uniquely powerful growth engine, capable of propelling us even faster down that road of success. That engine is consumer marketing, and our fourth initiative is our concerted,

focused effort to drive consumer demand for our brands in every possible market in the world.

Consumer Marketing

To drive that demand, we are taking the decisive actions that will effectively make us the world's premier consumer marketing company.

Some people tell us we're already there. After all, they would argue, wouldn't the company that has built the world's best-known and most admired brand also have to be the world's premier marketing organization?

Others would debate it, because there are a number of truly great marketing companies around the world.

To be perfectly honest, we don't care one way or the other what people say today. We simply intend to keep taking all the actions that will make our consumer marketing leadership undeniable tomorrow.

That's a bold proposition, and we know it. But we also know our success in generating value for you is largely tied to our ability to turn that proposition into reality.

When you think about it, any company can grow by expanding geographically and entering new markets. Only the best companies — the companies most worthy of your investment — can grow by building their businesses in their most developed markets.

For us, that means being able to generate solid growth in markets such as the United States, Japan, Western Europe, Mexico and Brazil. In 1994, we clearly showed that we can do just that.

We were able to do it because, while we continued to expand our brands *horizontally* across new geography in the Chinas and Indias of the

world, we were also building our brands *vertically* in our established markets.

Building brands vertically means continually building new value into those brands, giving the people who buy your products more reasons to buy them than ever before. That task is particularly daunting when the brand you are building is already the world's most powerful.

How do we find new ways to make the world's most powerful brand even more powerful? How do we make that brand generate increased sales volume in a market like the United States, where, on

average, every person is coming increasingly closer to consuming one of our products *every day*?

Through differentiation.

Differentiation

If the three keys to selling real estate are location, location, location, then the three keys to selling consumer products are differentiation, differentiation, differentiation. In recent years,



we can honestly say that every marketing victory we have won has been the result of our total commitment to making our brands clearly distinctive from every other item on the grocery shelf. Whether it's product quality, packaging, advertising or any other element of the brand, our aim is to enhance the uniqueness of Coca-Cola by continuously making it different, better and special, relative to every possible competitor.

Did we accomplish that in 1994?

Absolutely. Not only did we once again increase our worldwide share of soft drink sales to a new all-time high of 46 percent, but we also extended our leadership in virtually every individual market as well.

These gains came as the direct result of a multitude of differentiating actions in every aspect of consumer marketing, prominent examples of which are covered beginning on page 16 of this report. The most notable action has been our ongoing expansion of the famous trademarked contour bottle design throughout the entire worldwide packaging line for Coca-Cola, arguably the single most effective differentiation effort the soft drink industry has seen in many years.

By further differentiating ourselves with consumers, we also further differentiated ourselves with our highly valued customers, adding value

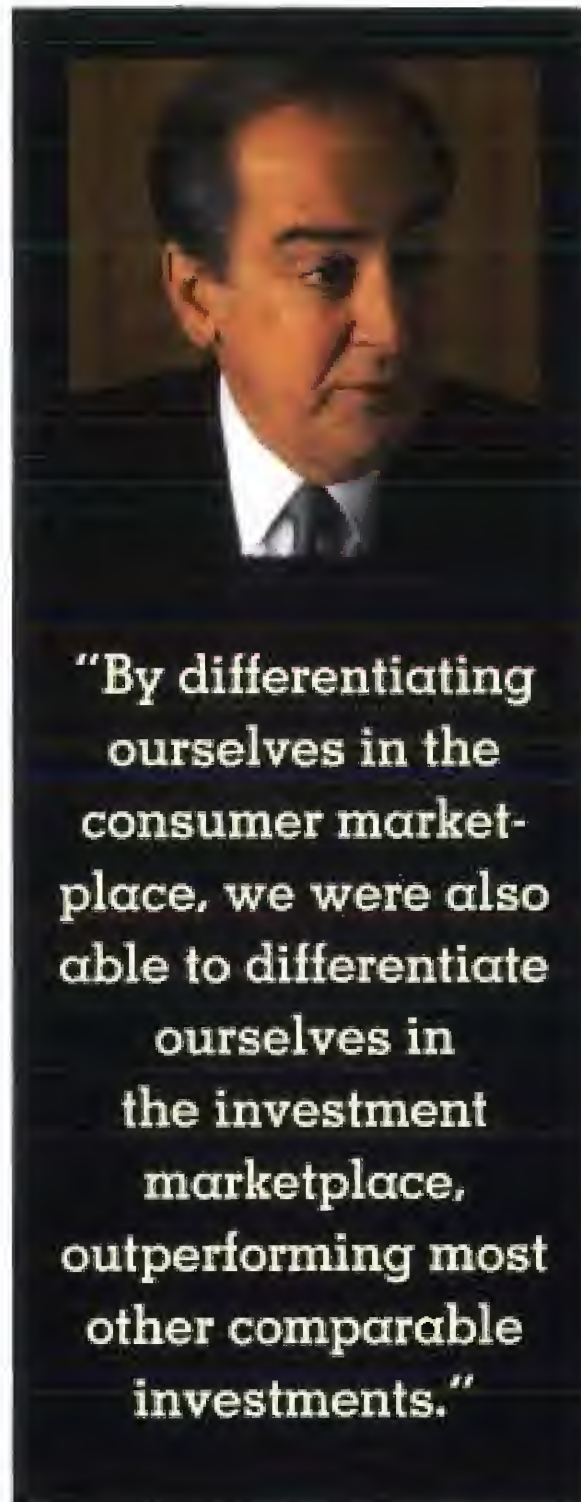
to their businesses with reliable sales growth, effective service and superior profitability.

And ultimately, by differentiating ourselves in the consumer marketplace, we were also able to differentiate ourselves in the investment marketplace, outperforming most other comparable investments while significantly enhancing the value of our Company.

In contrast, those who continued to rely on pricing as their *only* point of distinctiveness met with difficult times, on both Main Street and Wall Street. In a highly competitive environment for the consumer dollar and the investment dollar, we believe the failure to differentiate brands in *every* aspect of marketing eventually erodes the value of both the brand and the investment.

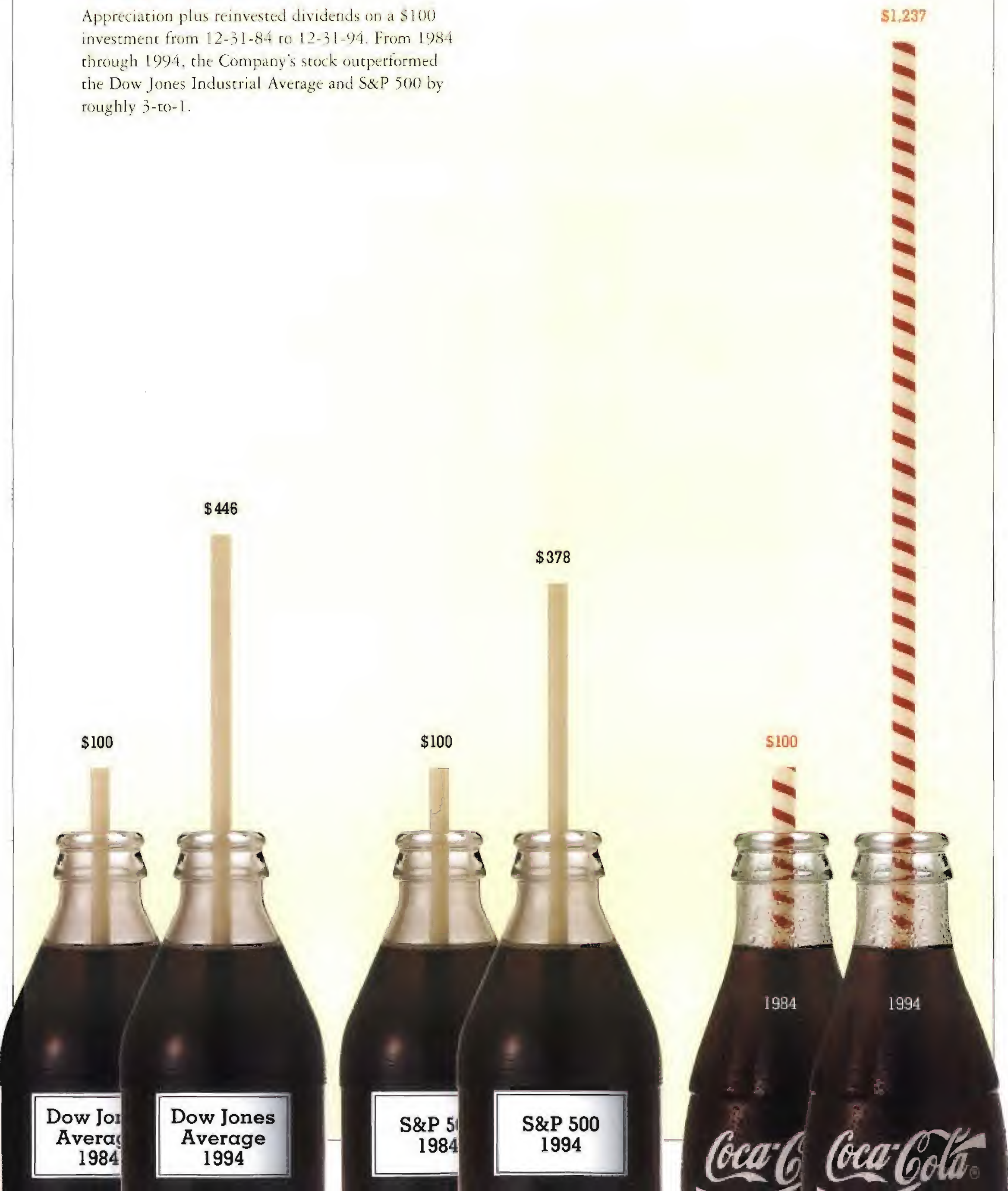
We will not allow ourselves to fall into that trap. We will also never allow ourselves to waste our time listening to those skeptics who claim we can't maintain our historical growth rates, recycling the same

cynical reasoning we've heard for several decades now. Neither will we be distracted by those lonely prognosticators who, for reasons all their own, view every pebble on the road as a brick wall that will prevent us from continually increasing the value of our Company. We will avoid those traps because we understand certain truths about our business.



Total Return vs. Dow Jones Industrial Average and S&P 500

Appreciation plus reinvested dividends on a \$100 investment from 12-31-84 to 12-31-94. From 1984 through 1994, the Company's stock outperformed the Dow Jones Industrial Average and S&P 500 by roughly 3-to-1.





Roberto C. Goizueta, chairman, Board of Directors, and chief executive officer (right), and M. Douglas Ivester, president and chief operating officer

Certain Truths

First, the soft drink concentrate business is an excellent business with impeccable fundamentals and much, much room for growth. Second, our brands have the greatest marketplace strength in the industry, and we are dedicated to increasing that strength significantly by enhancing their specialness. Third, our brands best help our customers grow profitably over any extended period, as these customers go about selling our products to consumers.

And fourth, we have truly outstanding people in place worldwide. That fact was highlighted last

July when our Board elected M. Douglas Ivester president and chief operating officer, as well as a fellow Director. Doug and I are supported by a superb global operating team, as well as by highly professional functional staffs.

In more than 195 nations, we have the privilege of working with associates who are among the most talented and dedicated men and women to be found anywhere. We also enjoy working together with bottling partners who are among the most successful business people in the world. And, watching judiciously over your investment, our distinguished Board of Directors provides us with yet another competitive advantage: their uniquely insightful wisdom and counsel.

Quickly glancing back at the year, we view 1994 as a time when our confidence in our Company was rewarded by excellent performance. We thank you, our fellow share owners, for sharing that confidence. With a deep sense of stewardship, we are proud to have the opportunity to protect and enhance your investment in 1995 and beyond.

Roberto C. Goizueta
*Chairman, Board of Directors,
and Chief Executive Officer*
February 16, 1995



Gearing Up The Machine

Since 1984, we have changed ourselves dramatically, a fact made obvious as our market value has climbed from \$8 billion to nearly \$66 billion. With a clear eye on the long run, we have deliberately

assembled and fine-tuned a global machine capable of sustaining strong, profitable growth well into the next century. That assembly process continues today, but thus far, it can be characterized by these major initiatives: **1. Geographic expansion.**

2. Financial reformation. **3. Infrastructure fortification.** While we continue to press ahead with those three initiatives, we have tackled the priority challenges in each of these areas, allowing us to shift our energy and focus to a fourth initiative.

4. Consumer marketing. Our fourth initiative is a committed effort to drive growth through superior consumer marketing. As we strive to operate as a company known undeniably as the world's premier marketing organization, we have returned to the priority that has served as the true key to our success for more than a century: consumer marketing.

**"In effect,
we have been
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global business
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profitable
growth well
into the next
century."**

**Roberto C.
Goizueta**



Geographic Expansion

With the world's most powerful brand and a universally appealing product, The Coca-Cola Company has always been able to grow through geographic expansion. While those efforts began in the early decades of this century, the astounding events of the past five years have yielded the greatest opportunities in our history for extending our business into new territories.

1994 We entered or re-entered several markets, including Vietnam and South Africa. We also significantly extended our coverage of new territories in large, emerging markets such as China and India, where we continued to make our products available for the first time in key population centers.

Infrastructure Fortification

As our customers grow and expand, we continue to stimulate positive changes in our global bottling system, equipping it to meet their needs more effectively and efficiently. Depending on the situation, we have used three approaches: **1.** Taking non-controlling ownership positions, infusing capital and management. **2.** Facilitating the creation of large, efficient anchor bottlers who share our commitment to growth. **3.** Investing in consolidated operations, compensating for limited local resources.

1994 Bottling companies in which we hold an ownership position sold 5 billion unit cases, accounting for 42 percent of our worldwide volume. In 1994, unit case volume grew at approximately the same rate both for those bottling companies in which we have ownership positions and those in which we have no holdings, reaffirming the effectiveness of the strategy outlined above.



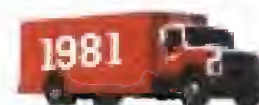
Increasing Worldwide Availability

The number of consumers we can actively reach out to with our products climbed from less than 2.2 billion in 1984 to more than 5.2 billion in 1994. The number of countries in which we are actively conducting business totaled more than 195 in 1994, while the number of nations in which we do not do business dwindled to fewer than 20.

Access to Consumers Worldwide (In Billions)



Key Bottling Investments 1981-1994



Coca-Cola Bottlers
Philippines

- KO ownership: 30%
- Compound volume growth: 9%



Coca-Cola Enterprises

- KO ownership: 44%
- Compound volume growth: 4%



Coca-Cola &
Schweppes Beverages

- KO ownership: 49%
- Compound volume growth: 9%

Coca-Cola Beverages
(Canada)

- KO ownership: 49%
- Compound volume growth: 3%

■ KO ownership at year-end 1994

■ Compound unit case growth since original investment

Expanding Global Presence



Significant Presence Before 1984



Significant Presence Since 1984



No Significant Presence



Swire Beverages

- KO ownership: 13% (1989-1993: 50%)
- Compound volume growth: 12%

Consolidated Bottling Operations-France

- KO ownership: 100%
- Compound volume growth: 14%

Grupo Continental

- KO ownership: 11%
- Compound volume growth: 6%

Coca-Cola Amatil

- KO ownership: 49% (as of early 1995)
- Compound volume growth: 12%



Consolidated Bottling Operations-East Germany

- KO ownership: 100%
- Compound volume growth: 27%



F&N Coca-Cola

- KO ownership: 25%
- Compound volume growth: 33%



Coca-Cola FEMSA

- KO ownership: 30%
- Compound volume growth: 12%

Kerry Beverages

- KO ownership: 13%
- Compound volume growth: NA

Panamerican Beverages

- KO ownership: 10%
- Compound volume growth: 8%



Coca-Cola Bottling Companies of Egypt

- KO ownership: 38%
- Compound volume growth: NA

Investment Growth

As we have actively taken ownership positions in key bottling properties to help develop a strong network of bottling partners worldwide, the carrying value of our equity and cost method investments has climbed from \$510 million in 1984 to \$2.5 billion in 1994.

\$2.5 Billion



\$510 Million



1984
Carrying Value

1994
Carrying Value



Financial Reformation

For decades, The Coca-Cola Company pursued highly conservative financial strategies focused on maintaining a pristine balance sheet. Unfortunately, the

same strategies that helped carry us through the Great Depression had become obstructively anachronistic by the late 1970s. So we began to take steps to use our strong cash flow and enviable balance sheet to generate value.

1994

We continued to repurchase our own shares aggressively, buying back 25 million shares at an average cost of \$47. We also announced plans to lower our dividend payout ratio to a targeted 30 percent over the next 10 years, further increasing the amount of cash we will be able to invest in our high-return businesses. This year, our Directors approved an increase in our quarterly dividend, raising our annual rate to 88 cents per share.

Focusing on Superior Lines of Business

By selling off businesses not sharing the same attractive financial fundamentals as the soft drink business, we now operate only in high-return businesses.

1994 Operating Income



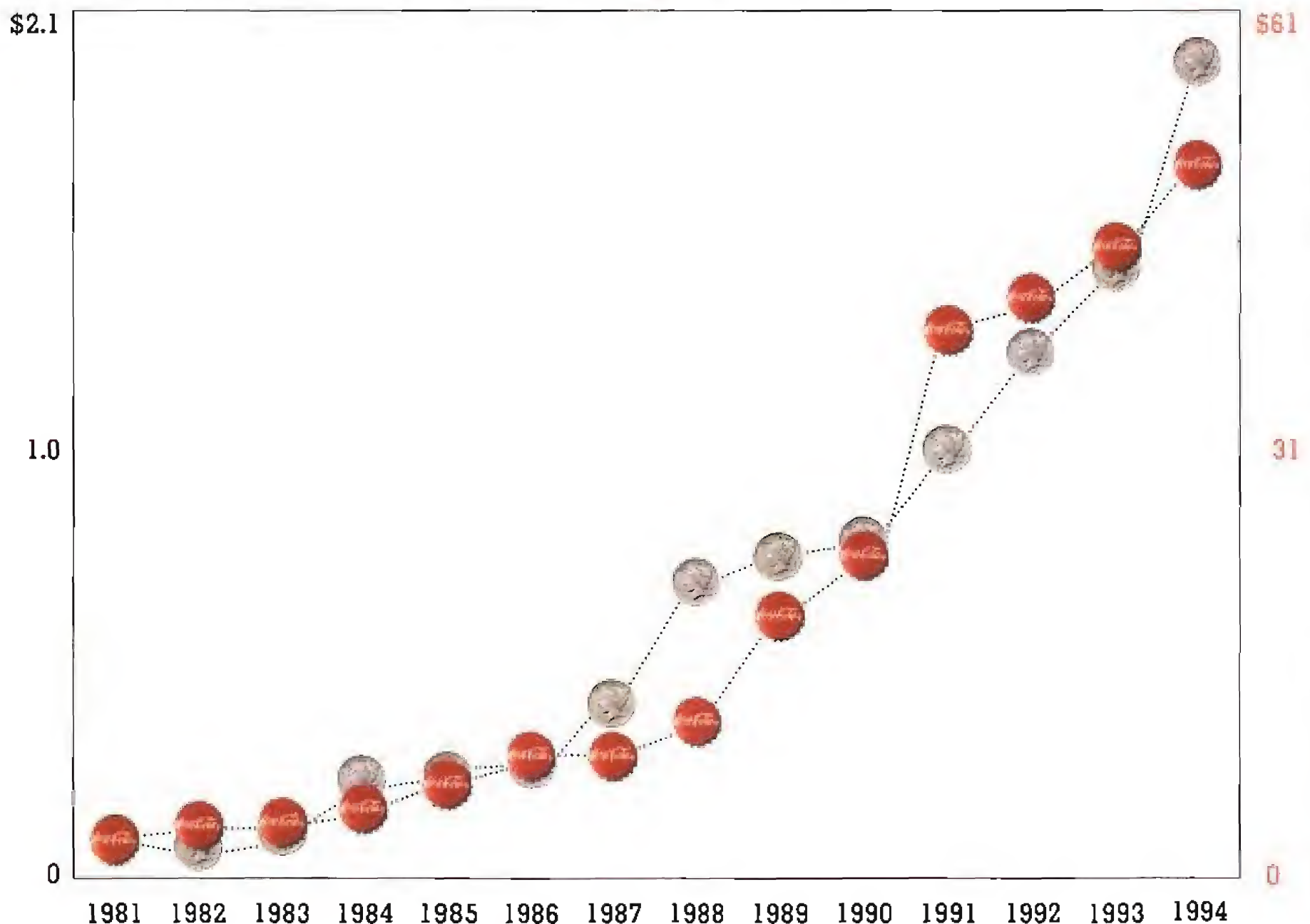
1984 Operating Income

Stock Price Appreciation Closely Tracks Economic Profit

Because economic profit is the most accurate measurement of the value a company is creating, we now use it to drive decisions at every level of the business. Since the inception of our financial reformation 13 years ago, our economic profit has increased at an annual average compound rate of 26 percent, while our stock price has increased at an average of 25 percent annually.

Economic Profit (In Billions of Dollars)

KO Year-End Stock Price (In Dollars)



Reinvestment Rate



Building Market Value

(In Billions)

We concluded 1994 with a total market capitalization more than eight times larger than we had in 1984.

\$65.7

Lowering Dividend Payout Ratio

With our dividend payout ratio cresting as high as 65 percent in 1983, we began increasing our dividends at a slower rate than our earnings growth, eventually lowering that ratio to 40 percent. Reducing our payout ratio allowed us to reinvest over \$660 million into our business in 1994 alone, bringing the total amount freed up for reinvestment since 1983 to \$3.4 billion.

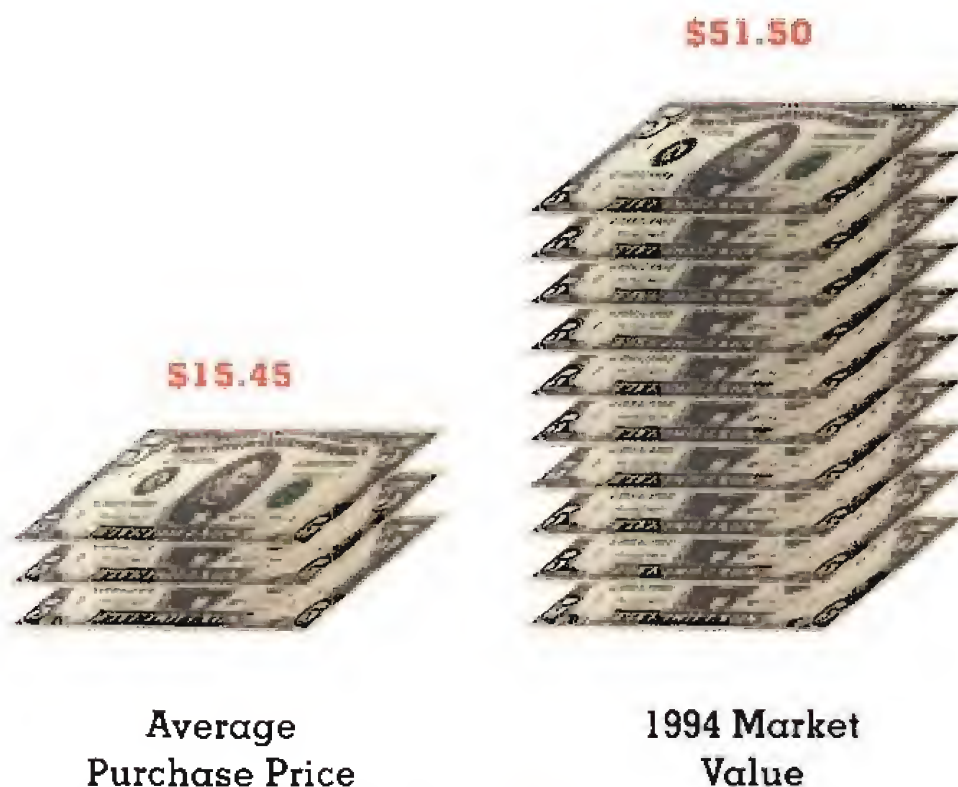


Using Debt Effectively

Capitalizing on our ability to generate returns well above our borrowing rates, we began taking on prudent amounts of debt in the early 1980s. With a return on capital roughly three times our cost of capital, this strategy makes even more sense now than before.

Repurchasing of Shares

Acting on the conviction that our shares represent one of the best uses of our excess cash, we repurchased 25 million of our own shares in 1994, bringing our total repurchases since 1984 to approximately 454 million, at an average cost of \$15.45 per share.



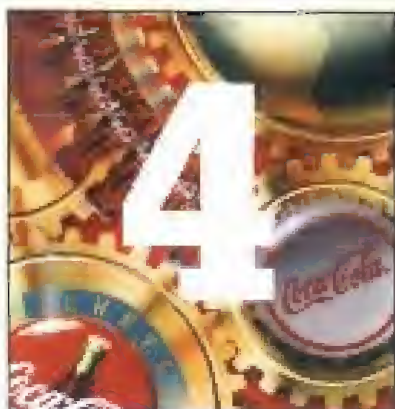
\$8.2



1984



1994



Focusing on the Consumer

If our ongoing geographic expansion, financial reformation and infrastructure fortification initiatives are designed to gear up the machine, then our fourth

initiative is designed to put that machine to work. Where we once might have been tempted to rely on the sheer strength of our global availability, our substantial financial resources and our powerful distribution network, we now are driving growth by aggressively expanding demand for our brands.

1994

To increase that demand to levels that will meet our own ambitious expectations, we have set out to become undeniably the world's premier consumer marketing company, taking decisive actions to differentiate our brands wherever we do business. The most notable of these actions are detailed on pages 16-28.



Differentiation in Size and Scope

Already the world's largest beverage company, we continued to

increase in size and scope in 1994, further enhancing another key point of differentiation we bring to any marketplace.

● In 1994, the *increase* in our market value exceeded the *total* 1994 market value of all but 106 of the publicly traded

companies based in the United States. ● In 1994, unit case sales for Fanta and Sprite, our third and fourth largest-selling

brands, respectively, each crossed the



mark for the first time. If the

two brands existed as independent companies, Fanta would rank as the third largest soft drink marketer in the world, while

Sprite would be the fourth. ● In 1994, our unit case sales in Latin America alone exceeded our nearest international

competitor's total international unit case sales. ● In 1994, sales of Coca-Cola *increased*

by 500 million unit cases – more than we sold in our first 34 years *combined*.

● In 1995, Coca-Cola made its third trip into space – aboard the *Discovery*.



Differentiation With Customers

Further differentiating our brands with consumers also helps us further differentiate ourselves with our customers, the people who make our products available at the retail level. The logic is simple: the greater the consumer demand for our brands, the greater our ability to add value to our cus-

tomers' businesses by attracting more consumers into their outlets.

This important point of differentiation is complemented by our ability to provide superior delivery, promotional services and sales support that clearly differentiate us as the beverage supplier most capable of driving sustained, profitable growth in their businesses.

Disappearing at stores daily.

Differentiation with Consumers

Through the decades, we have quite effectively built brand Coca-Cola on a horizontal basis, extending its appeal across national boundaries



Time magazine
May 15, 1950

until there is virtually no place on earth where the

people do not both know and like Coca-Cola. That horizontal expansion continues to serve us well in driving growth. But now, as the number of nations where Coca-Cola is not sold dwindles to fewer than 20, we are intensifying our efforts to build our brands vertically.

Building a brand vertically means simply creating deeper consumer desire for that brand than existed the day before. It's simply making sure we continue to give people additional reasons to



Tokyo's Ginza
1994

buy our brands instead of somebody else's. That's the essence of *differentiation*, and we are determined to make sure every consumer

understands that our brands are different, better and special.

In building brand Coca-Cola vertically, our challenge is daunting. Increasing the strength of a new brand is relatively easy; making the world's most powerful brand even more powerful is not. After all, most of the world's 5.6 billion people already have a well-established understanding of what Coca-Cola means to them.

But if our challenge is daunting, our tools are uniquely suited to the task. First, the Coca-Cola trademark itself is a remarkably resilient and multi-dimensional piece of cultural iconography. Second, we are continually building on our unique marketing expertise, consumer understanding, financial firepower and access to creative resources. And third, we are developing an increasingly strong penchant for action.

Differentiation in Action

Differentiation is not created by mere philosophy. Differentiation is created by action.

In other words, the world will judge us as its premier consumer marketing company based not on how much we know or how clever our ideas are, but on how well we translate those ideas into actions that produce results in the marketplace.

Consequently, if our marketing efforts are guided

by our bias for differentiation, then they are propelled by our prejudice for action. This means that we must be willing to take risks. And, yes, it means we must be willing to

fail occasionally.

In 1994, all of our major consumer marketing actions

generated significant value for The Coca-Cola Company, either by directly driving volume increases or by helping us gain a deeper understanding of our consumers, on which we will build with future actions.





1994 Key Marketing Actions

Guided by disciplined strategies designed exclusively to drive profitable, incremental soft drink sales, we took eight key actions to further differentiate our brands in the marketplace.

Activate Coca-Cola with Contour Bottle

Accelerate diet Coke Growth

Redefine Coca-Cola light

Reposition Sprite

Regionalize Fanta

Create New Products

Capitalize on Supporting Brands

Activate Sponsorships

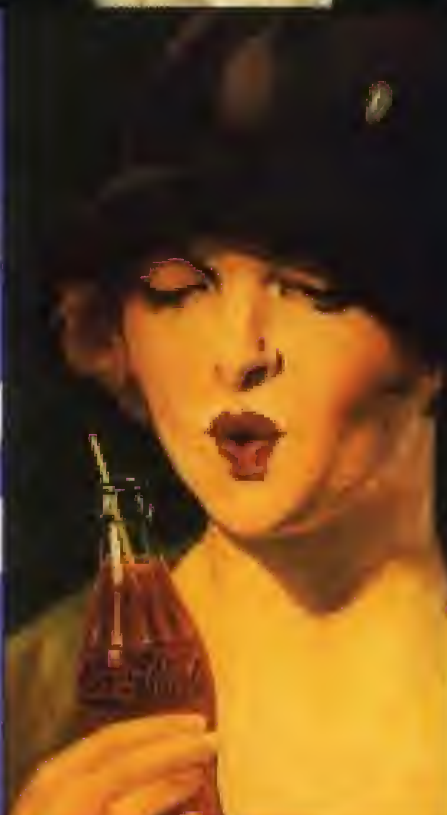
Action: Activate Coca-Cola with Contour Bottle Design

Objective: Unleash the unique appeal of Coca-Cola through a uniquely powerful, relevant packaging icon.

Tactics: Continued to expand the famous contour bottle design throughout our entire Coca-Cola packaging line.

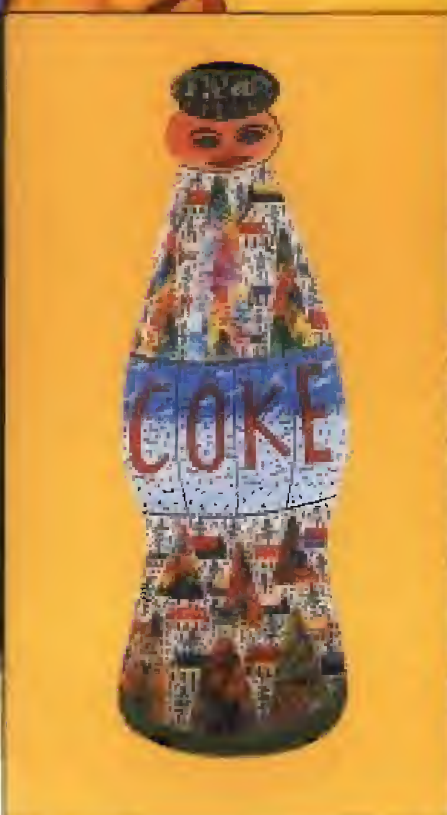
Point of Differentiation: A proprietary packaging design consumers clearly prefer.

Results: Substantial volume increases.



Unleashing the Power of Contour

Recognizable the world over even without a trace of brand identification, the contour bottle has become a modern-day icon, a constant reminder that Coca-Cola is different, better and special. Today, nearly 80 years after its creation, the contour design continues to strike an enormously positive chord with consumers of all ages. We're emphasizing the unmistakable shape in those markets where it already exists and reintroducing it in those where it has been absent.



Action: Activate Coca-Cola with Contour Bottle Design

Japan

In Japan, where the contour shape has never ceased to be available, we're broadening its availability with new 250-ml, 350-ml and 1-liter versions. Supported by strong media and an extensive point-of-sale campaign, the new packages have sparked brisk sales, including a 23 percent increase in the 1-liter size among participating bottlers. A 1.5-liter bottle rolls out in 1995.



USA

In the United States, the contour bottle's return is producing results beyond even our optimistic expectations. Initially focusing on immediate consumption outlets, we've rolled out 16-ounce glass and 20-ounce and 1-liter plastic bottles in the distinctive shape. The results? 25 to 90 percent volume increases over prior-year packaging, where introduced. In 1995, we'll target at-home consumption with 20-ounce multi-packs.

Spain

In Spain, where the contour bottle has long been a mainstay in cafes and pubs, we're giving more consumers an opportunity to "Siente la Diferencia," or "Experience the Difference." We've launched a new 500-ml contour bottle and converted four existing straight-walled sizes, including the 1.5-liter, to the contour shape. Sales for the latter package are up almost 30 percent in markets where it has been introduced, after nearly a full year of availability.

Action: Accelerate diet Coke Growth

Objective: Solidify bond with core consumers; expand reach among youth.

Tactics: Repositioned the brand with a broader "refreshment" theme to increase relevance with consumers.

Point of Differentiation: Superior taste and brand imagery.

Results: Renewed growth following two-year plateau.



Worldwide diet Coke Unit Case Volume Growth



In 1994, we accomplished our intended objective of solidifying brand loyalty among core consumers. The next phase of our multi-year plan will reach out to younger consumers. To do that, we will be reintroducing one of the most successful theme lines of all time, "Just for the Taste of It." Research shows that the phrase conveys the great taste of diet Coke with an energy and excitement that younger consumers find relevant.

Action: Redefine Coca-Cola light

Objective: Reposition Coca-Cola light to address "diet" perceptions of international consumers.
Tactics: Created separate strategy for the brand, focusing on lifestyle attributes.
Point of Differentiation: A high-quality, light and refreshing beverage for young adults.
Results: Halved previous year's decline, laid foundations for future growth.




 In most international markets, there is no real "diet" culture. That's why diet Coke is known as Coca-Cola light in many places. In the past, we treated consumers of both products the same. In 1994, we began executing a separate strategy for Coca-Cola light focusing on its "light," "sophisticated" taste, rather than its caloric benefits, thereby establishing the brand as an ideal choice for young adults.

1994 Worldwide Unit Case Volume
diet Coke and Coca-Cola light

Coca-Cola light

 158 Million Unit Cases

diet Coke

 1.14 Billion Unit Cases

Action: Reposition Sprite

Objective: Drive volume growth by broadening Sprite into a mainstream brand.

Tactics: Used new advertising/graphics to move from narrow lemon-lime to broader "refreshment" positioning.

Point of Differentiation: Clean, crisp refreshment with a distinctive attitude.

Results: Double-digit growth worldwide

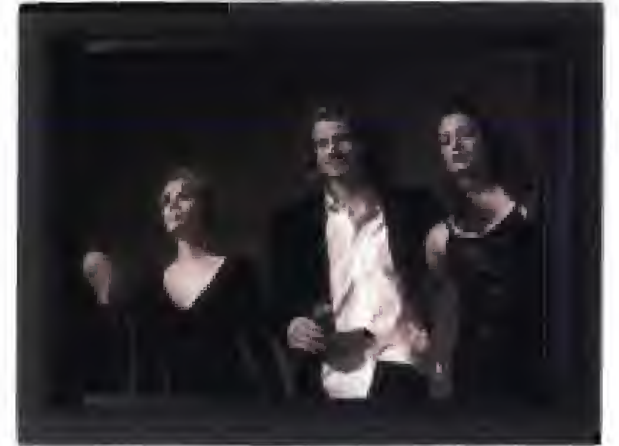
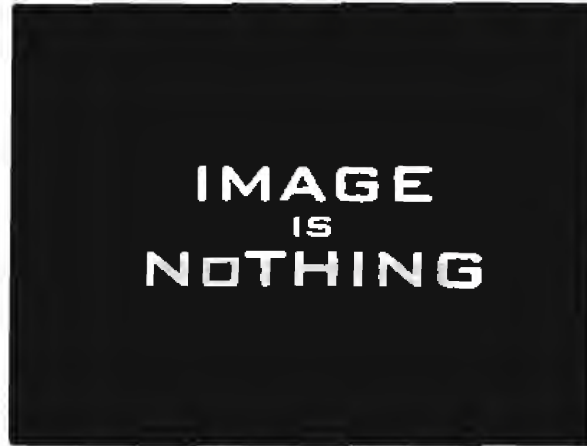


Teenagers emerging into adulthood experience greater freedom and self-reliance. We're tapping into that spirit by giving Sprite a new personality and brand positioning: Sprite is cool, tastes good and refreshes. With advertising and graphics built around the theme line "Obey Your Thirst," we've



Not Just the Lemon-Lime Leader

Worldwide unit case volume for brand Sprite grew 12 percent in 1994, crossing the 1 billion unit case mark for the first time. Based on its current growth rate, Sprite will soon challenge our own Fanta brand for the title of world's best-selling non-cola flavored soft drink.



captured the energy and self-reliance of the brand. We've also paired Sprite with the National Basketball Association, a leading-edge sport with growing global appeal. With mirroring images, profiles and demographics, they make a great team. Watch for a full-court press from the partnership in 1995.



Action: Regionalize Fanta

Objective: Broaden target audience; capitalize on deeply rooted regional identities.

Tactics: Created distinct marketing programs for each of three regional strongholds for Fanta.

Point of Differentiation: Superior product quality supported by distinctive imagery.

Results: Over 1 billion unit cases sold on the strength of double-digit worldwide growth.



Pacific

In the Pacific, we're introducing an animated character who communicates through a television screen on his T-shirt. In a first for Fanta, the campaign was crafted in such a way that it can be used throughout our Pacific operations – not an inconsequential feat, given the breadth of that market. With help from some hot jazz music, the campaign is reaching out to broader audiences across the region.

Fanta Pacific Case Sales Growth Rate



Latin America

In Latin America, we have introduced "Fanta Man," a lively character with an irresistible smile and an infectious laugh. What could be more universal? Building on the brand's heritage as a fun, friendly beverage, he is helping to reposition Fanta as a mainstream brand for broader age groups.

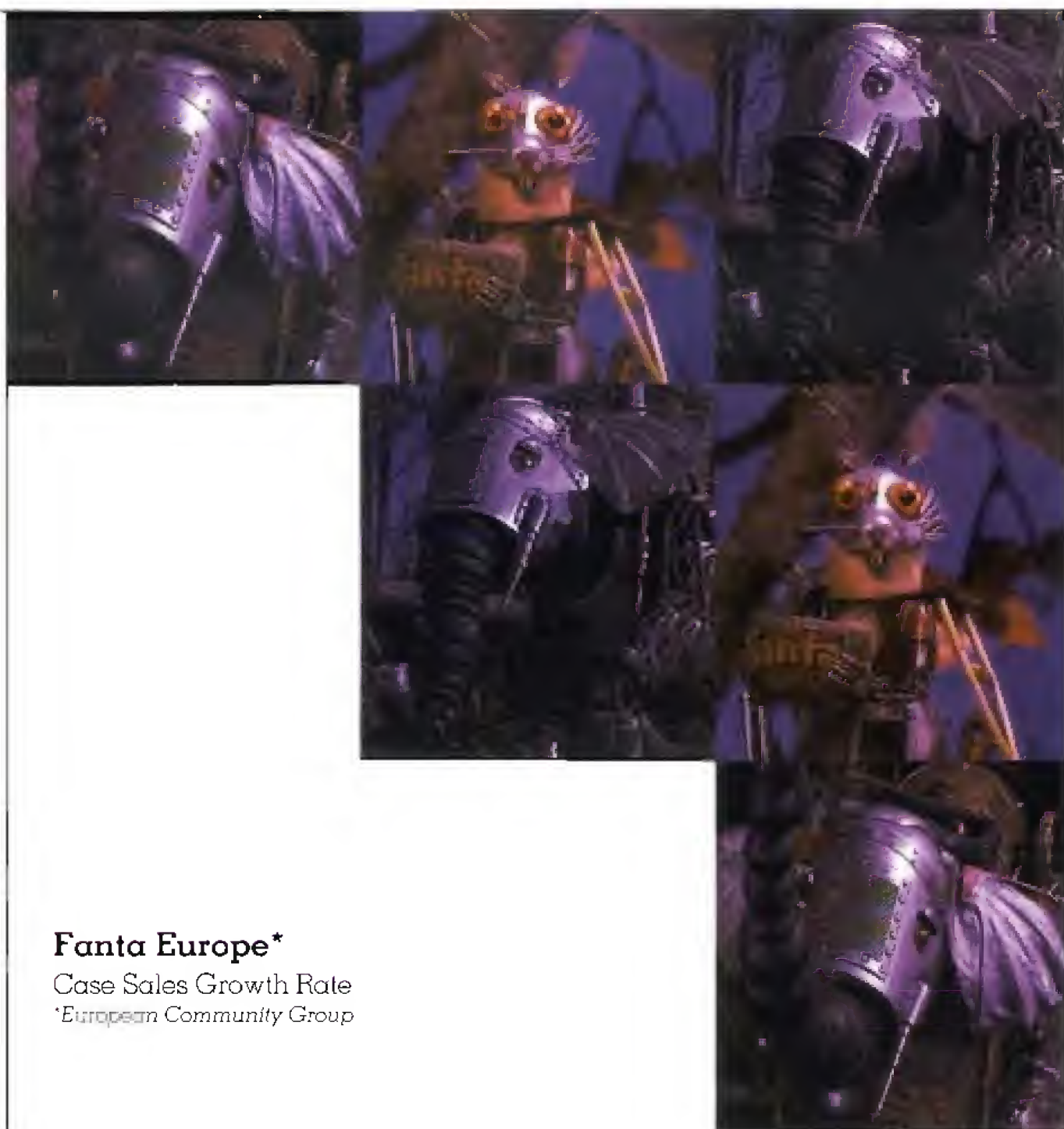
Fanta Latin America

Case Sales Growth Rate

1993 1994
18% 18%



1992
(11)%



Fanta Europe*

Case Sales Growth Rate
*European Community Group

1994
4%



1992
0%

1993
(8)%

Europe

In Europe, we're forging a new direction for the brand with "ELEFANTA," a mechanical elephant with a sense of adventure and a mammoth taste for Fanta. Contemporary and relevant, "ELEFANTA" conveys the benefits of Fanta's great orange taste with an energy and edge that young people reared on music videos have come to expect.

Action: Create New Products

Objective: Address meaningful growth opportunities wherever they exist.

Tactics: Accelerated new product development.

Point of Differentiation: Unmatched R&D and distribution capabilities.

Results: One of the most successful new product introductions of the year.

Fruitopia

Named one of the top 10 new products of the year by *Time* magazine, Fruitopia is not only racking up accolades, it's grabbing a sizable share of fruit drink sales. The secret of its success? A strong and flexible brand vehicle capable of delivering what consumers want when they want it. Look for new flavors and other product developments in 1995, along with continued international rollouts.



Action: Capitalize On Supporting Brands

Objective: Strengthen consumer loyalty; tap into shifting consumer preferences; source volume from competitors.

Tactics: Positioned supporting brands to address specific market opportunities.

Point of Differentiation: A portfolio of unparalleled strength and depth.

Results: Strong growth from virtually all major supporting brands.

The Complete Beverage Source

Our Company owns some 100 supporting brands around the world. Some have an appeal that transcends geographic and cultural boundaries. Others fill uniquely local needs, often with modest investment. We're eyeing each one with the same scrutiny we used to refocus our lines of business, energizing those that complement our core brands and justify their costs of capital and shedding the rest.



Powerade

Introduced in 1990. Expanding to 20 countries in 1995.

Advertising campaign featuring new look and attitude launched in 1995.



Compounded unit case volume growth*:

346%

Aquarius

Introduced in 1983. Available in 20 countries.



Two new flavors launched in Japan; new advertising under way in Europe.

Compounded unit case volume growth*:

19%

Hi-C

Acquired in 1960. Available in 21 countries.

New packaging graphics and advertising introduced in 1995.



Compounded unit case volume growth**:

6%

Georgia

Introduced in 1975. Available in Japan.

Japan's canned coffee segment leader.

Compounded unit case volume growth*:

30%

Thums Up & Limca

Acquired in late 1993. Available primarily in India.



Leaders in respective flavor segments in India.

No prior year comparison.

Sparletta Brands

Once a bottler brand. Available primarily in South Africa.



Our second largest brand in South Africa behind Coca-Cola.



Compounded unit case volume growth***:

22%

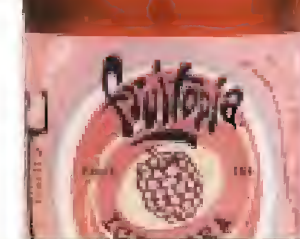
Teas

Ready-to-drink teas represent a small but growing fraction of the soft drink industry. In 1995, we will enhance our product line with new iced teas under the Fruitopia and Nestea trademarks, complemented by local teas in select markets.

Fruitopia Teas

New in 1995.

Initial line to include four all-natural flavors.



No prior year comparison.

Nestea

Distributed by the Company since 1992. Now in 41 countries.



Customized flavors and styles with pure iced tea taste launched in 1995.

Compounded unit case volume growth*:

104%

Seiryusabo

Introduced in 1994. Available in Japan.

Nearly 19 million unit cases sold in 1994; one of the fastest growing brands in its category.



No prior year comparison.

Action: Activate Sponsorships

Objective: Use sponsorships of premier events to drive volume directly.

Tactics: Broke through "sponsorship clutter," providing consumers with unique connections to events.

Point of Differentiation: Value-added activities that convert spectator excitement into additional case sales.

Results: Dramatic volume gains in Brazil and other key World Cup markets.

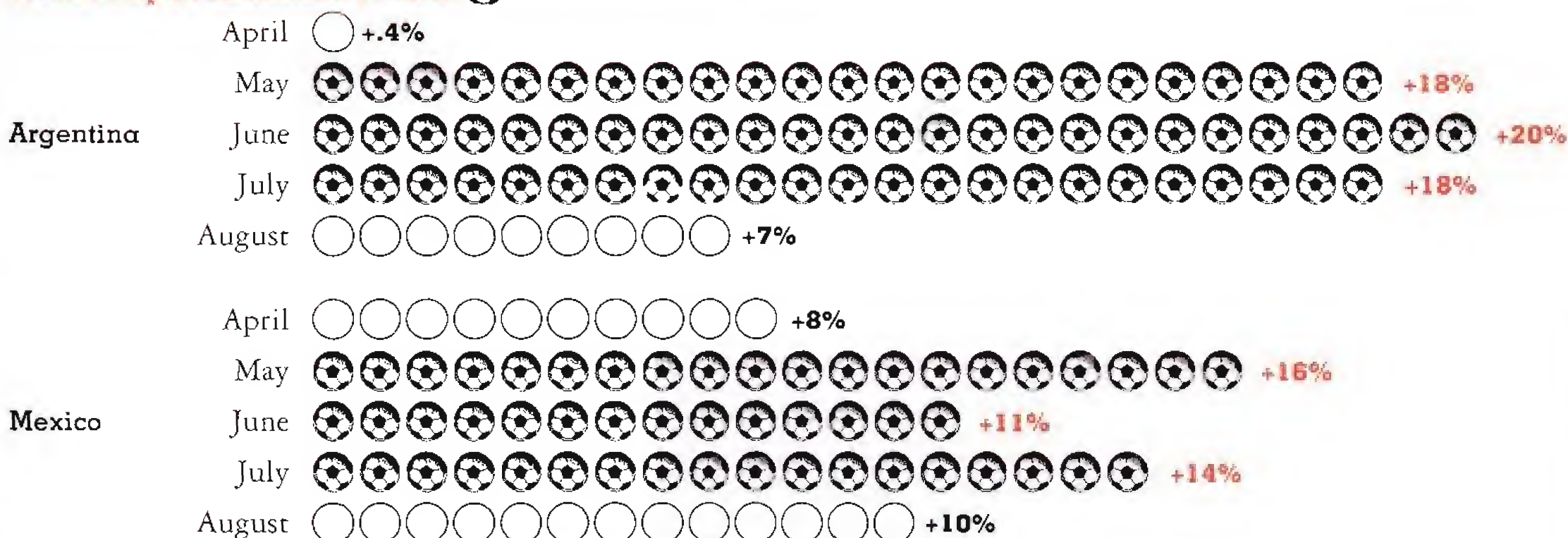
G-o-o-o-a-l!

While our 1994 volume results can be attributed to a number of factors, our sponsorship of the World Cup clearly made an important difference. In Brazil, for example, Coca-Cola became synonymous with the event through far-reaching promotions that included sponsorship of the winning team. As a result, we scored volume increases of 23 percent for the second half and 10 percent for the full year. In other markets, as noted below, we also had winning results.



1994 Unit Case Volume Growth in Argentina and Mexico

World Cup Promotional Period

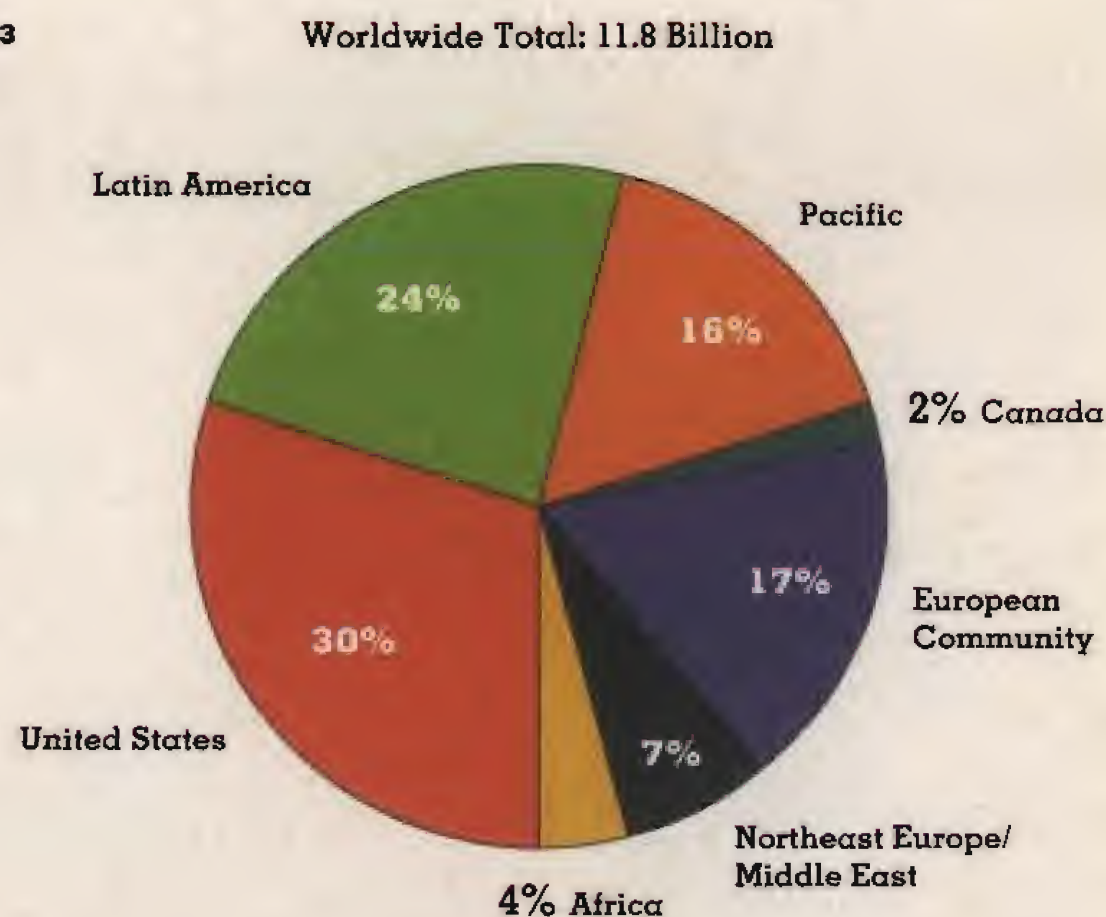


PER CAPITA CONSUMPTION AND UNIT CASE VOLUME SUMMARIES

8-Ounce Servings of Company Carbonated Soft Drinks Per Person Per Year



1994 Worldwide Unit Case Volume by Region



The World's Favorite Soft Drink

	Market Leader	Leadership Margin	Second Place
Australia	Coca-Cola	3.9-1	diet Coke
Belgium	Coca-Cola	9.0-1	Fanta
Brazil	Coca-Cola	3.7-1	Brazilian Brand
Chile	Coca-Cola	4.5-1	Fanta
France	Coca-Cola	4.2-1	French Brand
Germany	Coca-Cola	3.5-1	Fanta
Great Britain	Coca-Cola	1.8-1	diet Coke
Greece	Coca-Cola	3.7-1	Fanta
Italy	Coca-Cola	2.8-1	Fanta
Japan	Coca-Cola	2.2-1	Fanta
Korea	Coca-Cola	1.6-1	Korean Brand
Norway	Coca-Cola	2.7-1	Coca-Cola light
South Africa	Coca-Cola	3.8-1	Sparletta
Spain	Coca-Cola	2.4-1	Spanish Brand
Sweden	Coca-Cola	3.6-1	Fanta

Share of flavored, carbonated soft drink sales.
Source: Company data/store audit data.

* Includes Japanese non-carbonated soft drinks.

** Includes India and several former Soviet republics.

SELECTED COUNTRY RESULTS

Estimated Unit Case¹ Volume

	Average Annual Growth				1994 Results			
	10 Years		5 Years		Unit Case Growth		Company	
	Company ³	Industry ⁴	Company ³	Industry ⁴	Company ³	Industry ⁴	Share ⁴	Per Capita ⁴ Consumption
Worldwide⁶	7%	5%	6%	3%	10%	6%	46%	49
North America Business Sector²	4	3	4	3	7	4	41	296
United States	4	3	4	3	7	4	41	310
International Business Sector⁶	8	5	7	3	11	7	49	35
European Community	9	5	6	3	7	5	49	130
Benelux/Denmark	8	4	8	4	9	4	46	152
France	13	7	11	5	9	(1)	47	65
Germany	7	5	8	1	4	3	55	191
Great Britain	12	6	2	3	7	10	31	101
Italy	8	6	4	3	5	2	55	94
Spain	8	4	5	2	9	8	54	166
Pacific⁵	8	8	7	6	12	12	39	20
Australia	9	7	8	3	10	9	65	274
Japan ⁵	6	1	6	2	8	8	30	133
Korea	5	5	4	1	11	5	52	59
Philippines	6	3	3	3	14	14	75	96
Thailand	12	14	9	9	14	11	48	54
Northeast Europe/Middle East (NEME)⁶	14	4	17	1	35	17	32	11
Egypt	5	2	4	0	47	4	55	26
Hungary	20	2	37	6	4	12	42	111
Norway	11	7	8	5	9	15	59	256
Poland	33	2	69	8	44	47	24	29
Africa	5	2	5	(1)	1	(7)	84	23
Nigeria	2	0	6	0	(14)	(25)	82	22
South Africa	5	3	5	1	4	0	88	146
Zimbabwe	8	6	5	(1)	9	4	87	62
Latin America	8	6	6	4	10	4	55	148
Argentina	7	6	14	11	12	12	57	189
Brazil	8	7	0	1	10	14	56	92
Chile	15	14	12	8	8	6	64	217
Mexico	8	6	6	4	11	7	57	333

¹Unit case equals 24 8-ounce drinks.²Consists of United States and Canada.³Includes non-carbonated soft drinks.⁴Includes only flavored, carbonated soft drinks.⁵Company share and per capita include Japanese non-carbonated soft drinks; revised to conform with Japanese industry standards (equivalent Company share for Japan in 1993 was 31).⁶The calculation of per capita consumption includes India and several former Soviet republics.

PACIFIC GROUP

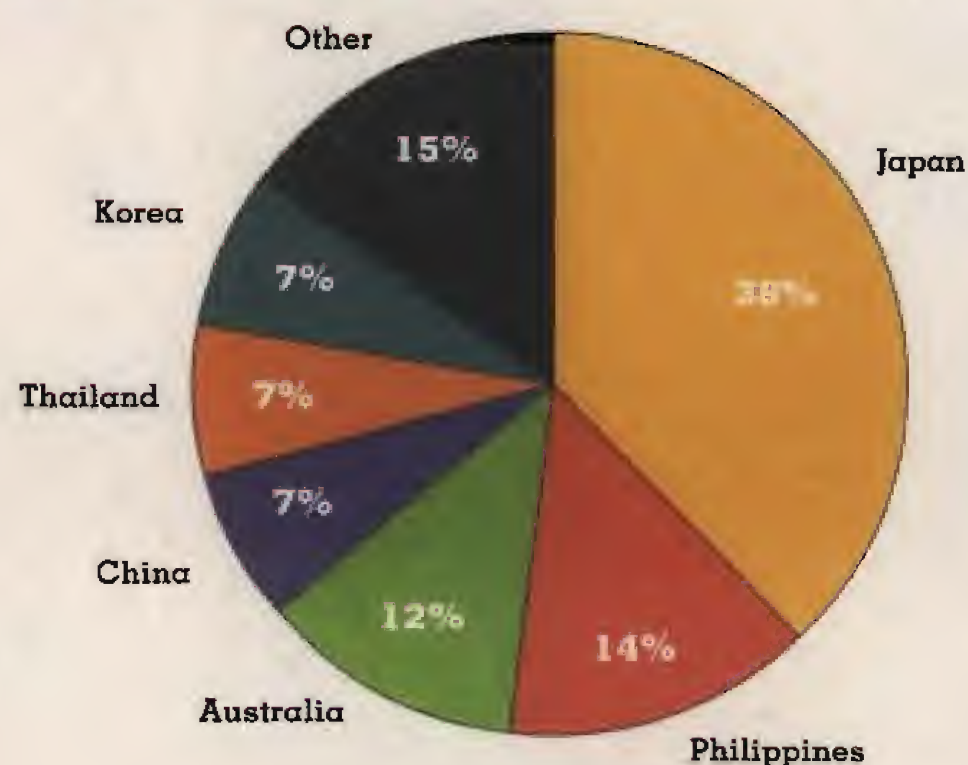
Aggressive marketing and expanded production and distribution capacity fueled strong across-the-board volume increases in the Pacific Group in 1994. Unit case volume grew 12 percent and gallon sales increased 13 percent, as an unusually warm summer over most of Asia offset continued weakness in the Japanese economy. In 1995, the Group assumed responsibility for India and the Middle East, markets with opportunities that mirror those of many of our developed markets in Asia. Accordingly, the Group was renamed the Middle and Far East Group.

Growth Rate

(1994 vs. 1993)

Pacific	Gallon Sales	Unit Case Sales
Australia	13%	10%
China	50%	36%
Japan	9%	8%
Korea	19%	11%
Philippines	12%	14%
Thailand	14%	14%
Other	10%	10%
Total	13%	12%

Pacific Group 1994 Unit Case Sales



Japan

Renewed emphasis on the contour bottle boosted sales of brand Coca-Cola by 16 percent for the year, further strengthening its already large volume base ... overall sales of Company products increased a strong 8 percent ... successful launch of Seiryusabo, a ready-to-serve tea brand, helped fuel a 37 percent increase in unit case volume for Company tea products.

Philippines

Unit case volume, led by Coca-Cola and Sprite, grew 14 percent, adding 32 million incremental cases ... Company brands now account for 75 percent of total soft drink sales ... 12-ounce refillable contour bottle for Coca-Cola successfully relaunched as part of value packaging strategy ... 20th production facility opened to meet growing consumer demand ... Aquarius line of mineral waters successfully launched.

Australia

Innovative consumer promotions and new packaging options contributed to 10 percent growth for the year, led by brand Coca-Cola ... Powerade sports drink successfully launched in two flavors and two sizes ... new production facility opened in Brisbane ... 1.25-liter and 2-liter multipacks introduced ... 24-can twin stack added to package mix.

China

Record sales achieved in 1994, with brand Coca-Cola up 76 percent over the previous year ... volume for all Company products jumped 36 percent ... our share of soft drink sales climbed to new high of 19 percent, three times that of nearest international competitor ... construction under way on four of 10 new bottling plants ... remaining six on schedule for completion in 1996, bringing total number of plants to 23.

Thailand

Brand Coca-Cola regained share leadership ... new product launches and strong marketing efforts propelled 14 percent unit case volume increase ... fountain sales rose 20 percent ... sales of brand Fanta increased 24 percent ... Cherry Coke successfully introduced.

EUROPEAN COMMUNITY GROUP

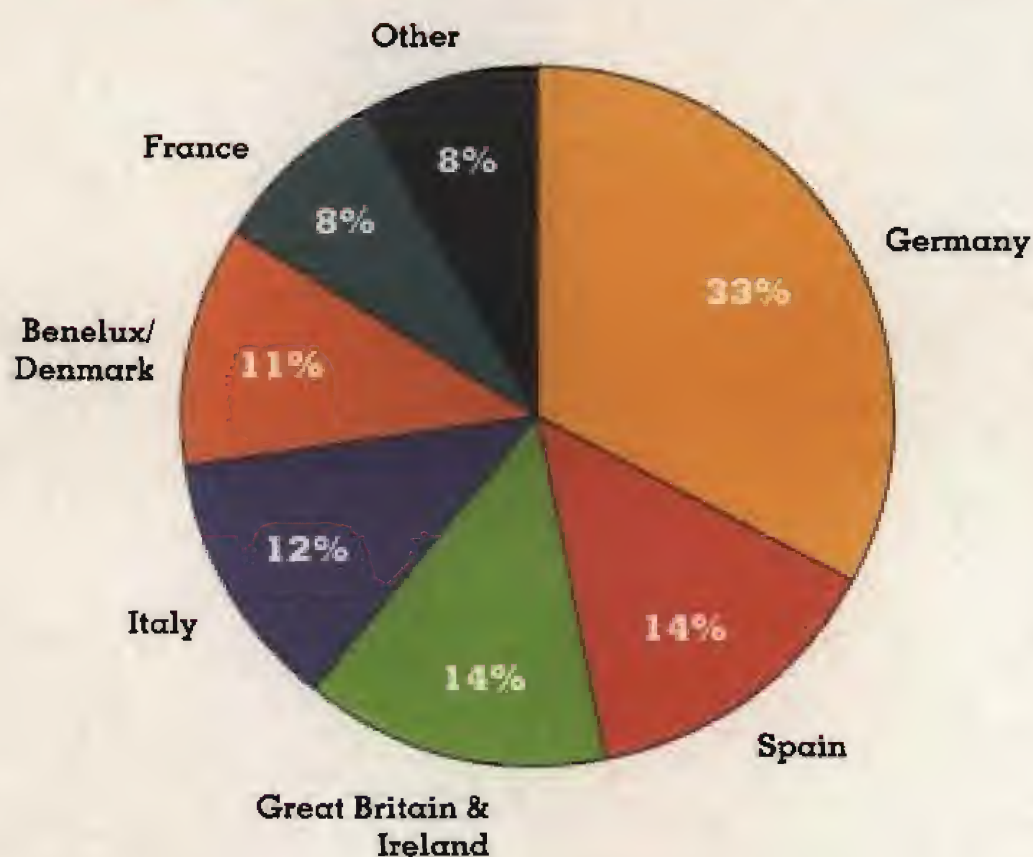
Focused marketplace activity, complemented by favorable summer weather and a recovering economy, yielded strong results in 1994. Momentum accelerated in the second half of the year as unit case volume grew 13 percent. For the full year, unit case volume grew 7 percent and gallon sales rose 5 percent. These gains were fueled by a number of initiatives, including a new push behind contour packaging and strong World Cup and Olympic Winter Games marketing efforts. In early 1995, Eastern Europe, Scandinavia and the former Soviet Union were added to the Group's responsibilities, providing a single leadership point for greater Europe. The combined group was renamed the Greater Europe Group.

Growth Rate

(1994 vs. 1993)

European Community	Gallon Sales	Unit Case Sales
Benelux/Denmark	4%	9%
France	7%	9%
Germany	3%	4%
Great Britain	6%	7%
Italy	3%	5%
Spain	7%	9%
Other	11%	11%
Total	5%	7%

European Community Group 1994 Unit Case Sales



Great Britain

Unit case sales grew 15 percent in the second half and 7 percent for the year ... "Red Hot Summer" promotion sparked consumer demand ... targeted advertising and promotional programs helped recapture private label experimenters ... new Lilt and Fanta line extensions successfully introduced.

Germany

Strong second-half unit case growth of 11 percent fueled full-year growth of 4 percent ... investments continued to yield favorable results in eastern Germany, where sales grew 10 percent for the year and 20 percent in the second half ... largest one-day sampling campaign in Company's history reached out to 20 million consumers ... distribution channels expanded with vending placements in post offices and other non-traditional locations ... Fast-Lane Merchandisers rolled out to stimulate impulse purchases.

Spain

Full-year volume advanced 9 percent, despite difficult and highly competitive environment ... innovative regional programs resulted in solid growth for Coca-Cola, Fanta and Sprite ... "Fanta Millionaire" promotion sparked strong growth in citrus segment ... NBA marketing program sparked 16 percent Sprite growth, now being expanded across Europe.

Belgium/Luxembourg

18 percent volume growth in the second half drove volume up 8 percent for the year ... Sprite and Coke light successfully re-launched ... acquisition of Belgium bottling operations completed, giving Company 100 percent ownership ... plastic 2-liter contour bottle for Coca-Cola rolled out.

France

Continued strong performance from Company-owned bottler ... unit case volume grew 18 percent in the second half and 9 percent for the year ... Minute Maid juices successfully introduced ... Company sales force earned top ranking in hypermarket and supermarket survey.

NORTHEAST EUROPE/MIDDLE EAST GROUP

The diverse markets of the Northeast Europe/Middle East (NEME) Group recorded another year of exceptionally strong growth. Unit case volume grew 35 percent and gallon shipments increased 32 percent, continuing the strong momentum of 1993. The NEME Group also picked up significant volume in India, where Coca-Cola returned in late 1993 after a 16-year absence.

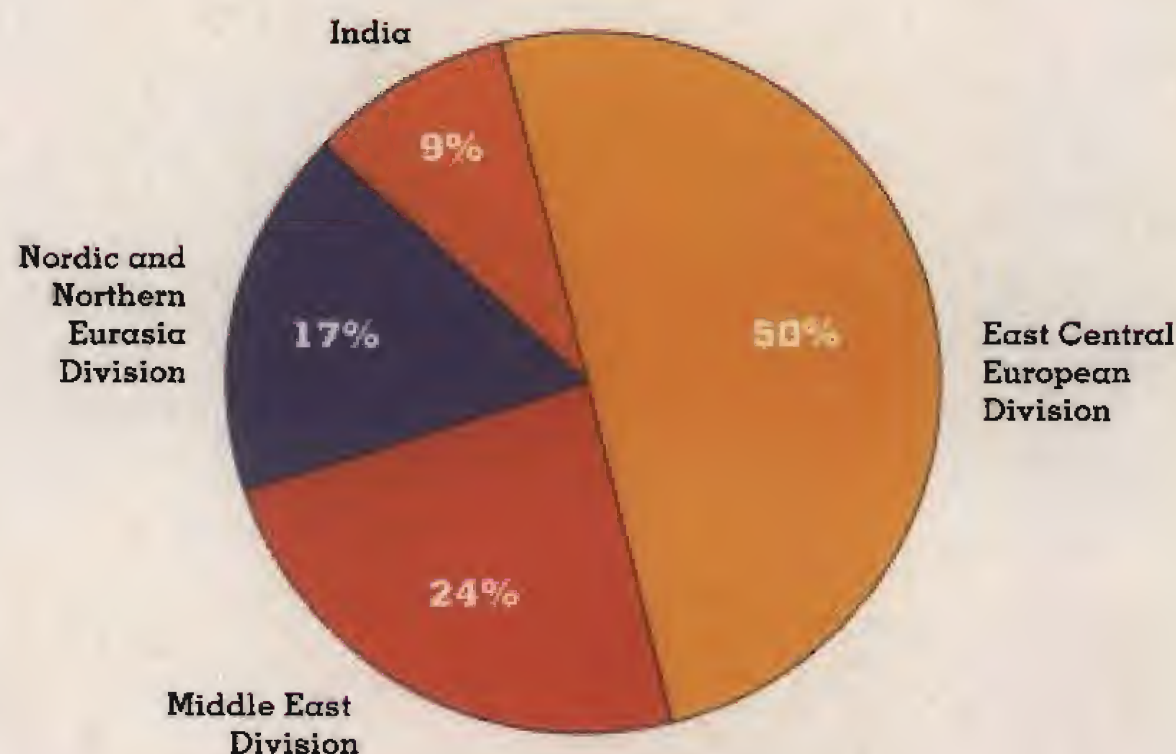
Growth Rate

(1994 vs. 1993)

Northeast Europe/ Middle East (NEME)	Gallon Sales	Unit Case Sales
East Central European Division	17%	23%
Middle East Division	34%	33%
Nordic and N. Eurasia Division	13%	16%
India	*	*
Total	32%	35%

*Sales began in late 1993.

Northeast Europe/Middle East Group 1994 Unit Case Sales



India

Now the largest soft drink producer in India after acquisition of Parle brands ... outsell nearest competitor more than 2-to-1 ... Coca-Cola launched in 17 key territories, covering 50 percent of the market ... nationwide coverage planned for 1995 ... Fanta launched in three key cities.

Poland

Strong performances by Coca-Cola, Sprite and Fanta contributed to unit case volume growth of over 40 percent ... results also positively impacted by successful introduction of Bonaqa, the mineral water segment leader after only six months on the market ... investments in infrastructure and packaging continued.

Russia

New Company-owned bottling plant opened in Moscow ... unit case volume in Russia nearly doubled on strength of expanded capacity ... second major facility expected to open in St. Petersburg in 1995 ... system investment commitment climbed to \$240 million.

Egypt

Unit case volume grew an unprecedented 47 percent following privatization and consolidation of bottling system ... leadership achieved as a result of strong emphasis on production and distribution enhancements.

Romania

Continued focus on expansion of bottling system ... leadership expanded and over 1 billion servings sold in only three years ... Coca-Cola system remains Romania's largest single investor.

LATIN AMERICA GROUP

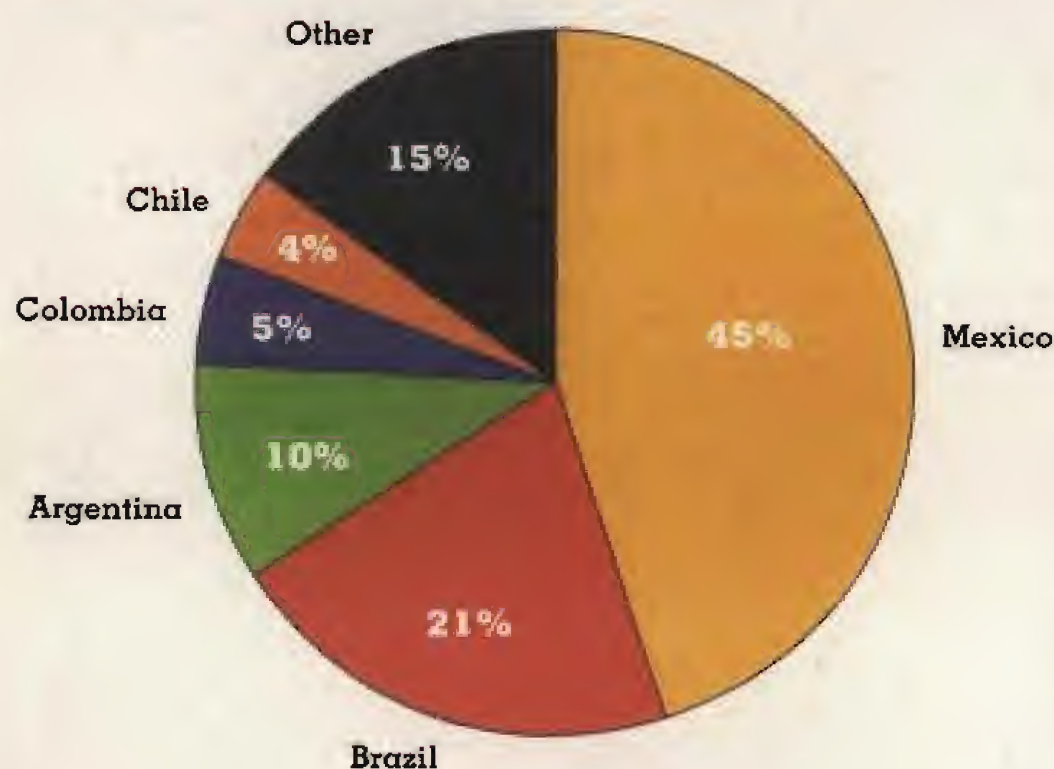
The Latin America Group continued to capitalize on the liberalization of economies throughout the region with aggressive infrastructure investments and new product and package introductions. These measures, coupled with focused brand-building initiatives, contributed to a solid performance in 1994. Driven by strong growth from Mexico and Argentina and a second-half surge in demand in Brazil, unit case volume grew 10 percent and gallon sales increased 9 percent, while profitability increased significantly.

Growth Rate

(1994 vs. 1993)

Latin America	Gallon Sales	Unit Case Sales
Argentina	11%	12%
Brazil	8%	10%
Chile	8%	8%
Colombia	4%	4%
Mexico	11%	11%
Other	7%	9%
Total	9%	10%

Latin America Group 1994 Unit Case Sales



Mexico

Unit case volume grew 11 percent, generating 125 million incremental unit cases ... packaging expansion and renewed focus on the contour bottle fueled strong Coca-Cola growth ... unit case volume for Fanta increased 32 percent, over a very strong 1993 ... Mexico now top Fanta market in the world ... sugar-sweetened Fresca successfully launched in 60 percent of the country, achieving leadership in the grapefruit segment in most franchises where available.

Argentina

Record volume and profits achieved, driven by growth in convenience packaging, particularly cans and the 500-ml contour PET bottle ... fourth quarter launch of Quatro, a citrus beverage, contributed to volume increases ... production capacity expanded to satisfy demand for non-refillable packages.

Brazil

Capitalized on economic turnaround with timely investments in marketing programs, including sponsorship of the winning World Cup soccer team ... unit case volume increased 23 percent in the second half and 10 percent for the year ... cold drink channel expanded with aggressive fountain and vending equipment placements.

Colombia

Unit case volume rose 6 percent in the second half and 4 percent for 1994 overall ... Sprite re-energized, resulting in 60 percent unit case sales increase ... distribution infrastructure strengthened with 600 new trucks.

Chile

Unit case volume grew 8 percent ... share of sales rose to a new high of 64 percent, driven by aggressive marketing programs and the success of the "Siempre Coca-Cola" campaign ... vending, cooler and fountain placements accelerated ... diet Sprite successfully launched.

AFRICA GROUP

Difficult economic and political conditions in key markets continued to affect industry performance in Africa. Declines in economically troubled Nigeria offset unit case increases throughout most of the Group. Gallon sales declined slightly, affected primarily by a decrease in Nigeria. Nonetheless, the Africa Group continues to improve and expand the foundations for strong long-term growth. Those foundations include restructured bottling operations, increasingly efficient business systems, aggressive marketing programs and improved customer service. While Company products account for 84 percent of industry sales, overall per capita consumption of Company products remains a relatively low 23 servings per year, representing significant potential for growth.

Growth Rate

(1994 vs. 1993)

Africa	Gallon Sales	Unit Case Sales
Central Africa Region	7%	11%
Nigeria	(19)%	(14)%
Southern Africa Division	(5)%	3%
Other	12%	9%
Total	(4)%	1%

South Africa

The Coca-Cola Company welcomed the new South Africa and quickly invested in its future ... established Southern Africa Division based in Johannesburg ... signed second bottling agreement with majority-black ownership partners, the Kunene family ... implemented innovative marketing programs, including tie-ins with local taxi operators.

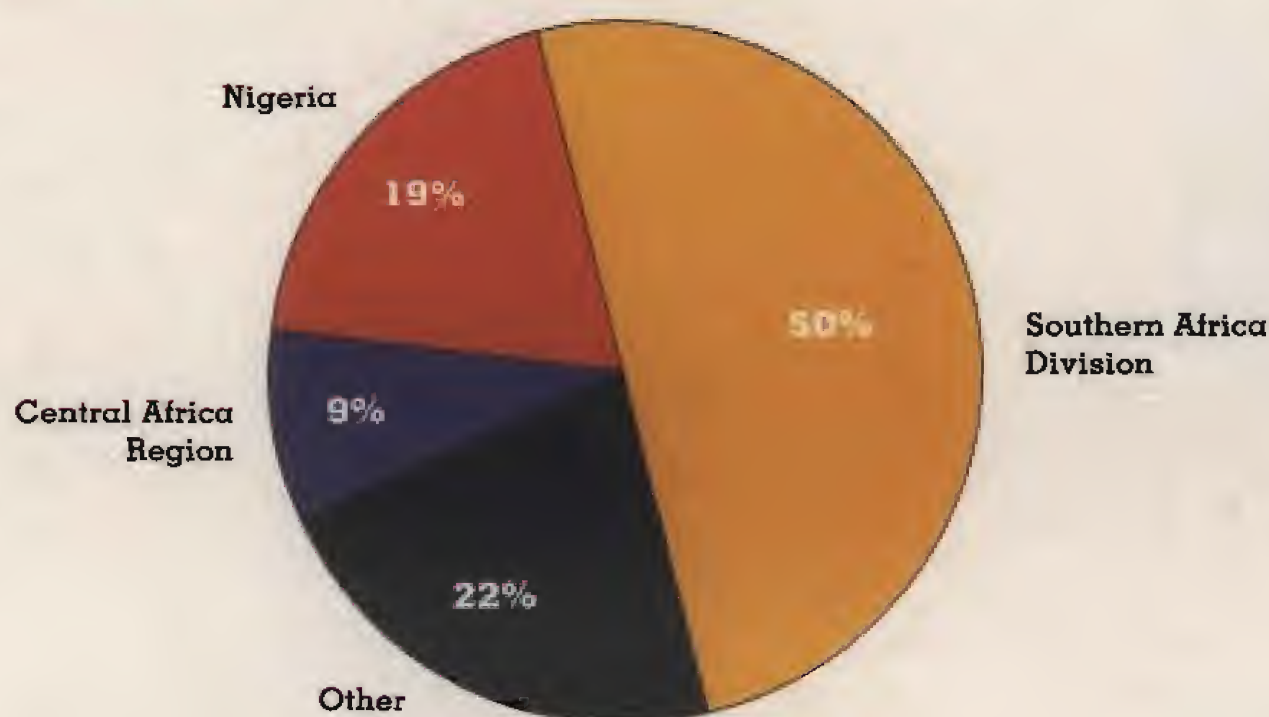
Central Africa

Leadership enhanced on strength of 53 percent increase in Sprite sales ... Company products lead every major flavor segment ... in Mozambique, new anchor bottler lifted volume 39 percent over performance by previous government-owned bottler.

East Africa

Sales of brand Coca-Cola alone outsell nearest international competitor by nearly 3-to-1 ... leadership achieved in Tanzania following completion of major bottler restructuring ... since restructuring, unit case volume growth in that country has exceeded 15 percent.

**Africa Group
1994 Unit Case Sales**



COCA-COLA USA

Led by solid increases in the Company's core brands, the world's largest market for Coca-Cola achieved solid growth in 1994, again outperforming the industry. Unit case volume grew 7 percent, while gallon sales grew 8 percent. Complementing the strong growth of Coca-Cola and Sprite, supporting brands such as Fruitopia, Powerade and Minute Maid Juices To Go contributed meaningful volume gains. Continued focus on programs designed to help customers increase their profits through the sale of our products also contributed to the results.

Average Annual Growth Unit Case Volume*

1 Year

Coca-Cola USA  7%
Rest of Industry  2%

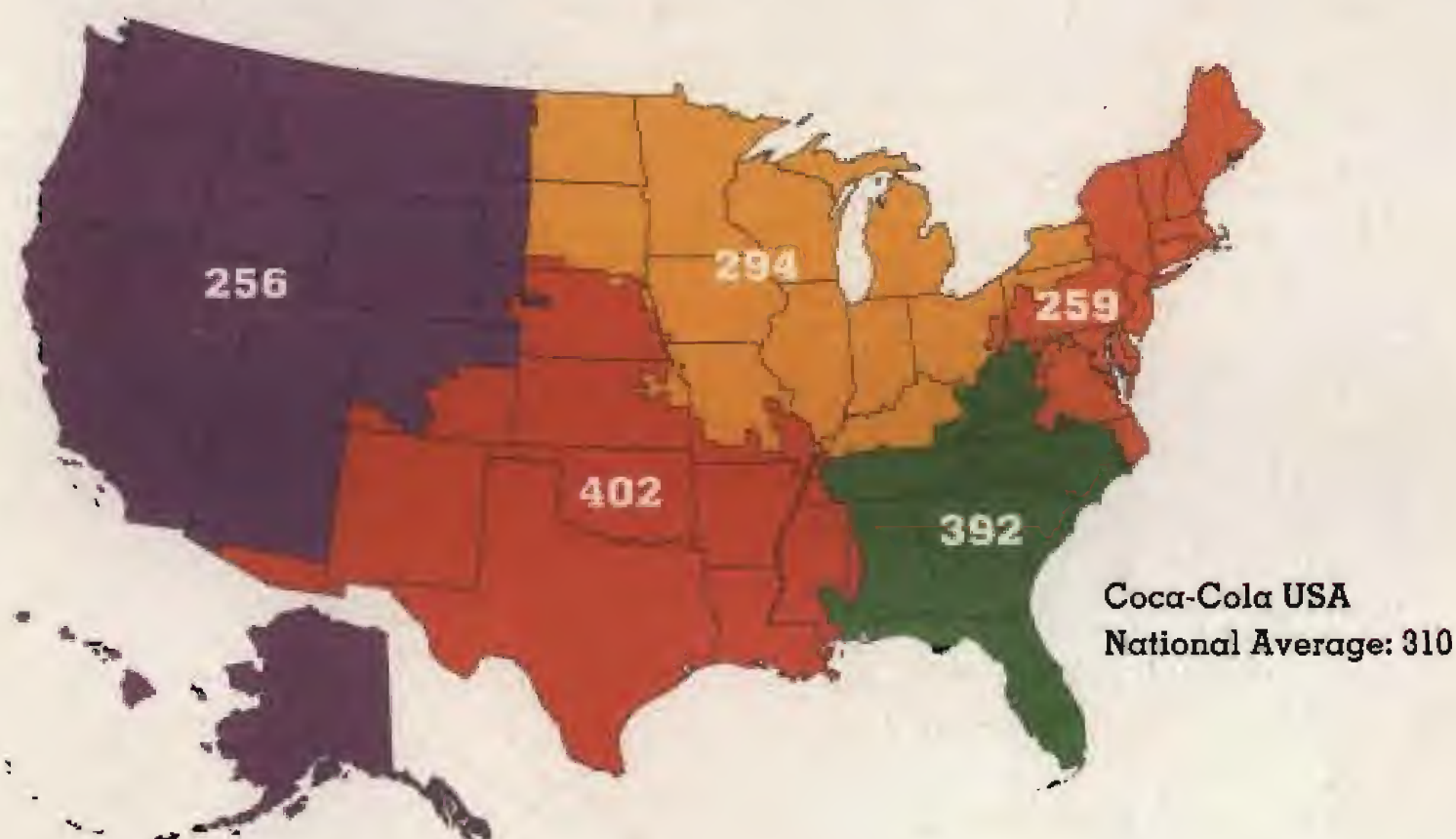
5 Years

Coca-Cola USA  4%
Rest of Industry  2%

*Coca-Cola USA includes non-carbonated soft drinks

Coca-Cola USA Per Capita Consumption**

Even in leading-edge markets such as the United States, enormous opportunities for growth still exist. If we were to elevate territories with below-average per capitass to our national average, our overall per capita would increase 27 drinks, generating 300 million incremental unit cases – roughly the equivalent of our total 1994 unit case volume in Spain, one of our top 10 markets worldwide.



**8-ounce servings of Company soft drinks per person per year.

COCA-COLA FOODS

At Coca-Cola Foods, 1994 operating income climbed 5 percent and unit case volume rose 2 percent, following a double-digit volume increase in 1993. Coca-Cola Foods played a leading role in the development and introduction of Fruitopia. Its expertise in non-carbonated beverages will continue to be a valuable resource for the Company as it develops and markets such products worldwide.

Coca-Cola Foods Operating Income (In Millions)

1994		\$123
1993		\$117
1992		\$112

EQUITY INCOME

The Company's share of the net income generated by its equity investment partners has increased at a compound growth rate of 44 percent since 1992, as management changes and restructuring efforts at these bottlers continue to bear fruit.

Equity Income (In Millions)

1994		\$134
1993		\$91
1992		\$65

FINANCIAL REVIEW INCORPORATING MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's primary objective is to maximize share-owner value over time. To accomplish this objective, The Coca-Cola Company and subsidiaries (the Company) have developed a comprehensive business strategy that emphasizes maximizing long-term cash flows, consistently improving Economic Profit and creating Economic Value Added. This strategy focuses on continuing aggressive investment in the high-return soft drink business, increasing returns on existing investments and optimizing the cost of capital through appropriate financial policies. The success of this strategy is evidenced by growth in the Company's volume, cash flows, earnings and economic profit, its increased returns on total capital and equity, and the total return to its share owners over time.

Investments

With a pervasive global business system that distributes its products in more than 195 countries, the Company is well positioned to capitalize on new investment opportunities as they arise. Within the last several years, the Company has gained entry into Romania, as well as re-entry into several countries, including Vietnam, South Africa and India. The Company also continues to expand its business system rapidly across emerging markets such as China, East Central Europe and Indonesia.

Management seeks investments that strategically enhance existing operations and offer cash returns that exceed the Company's long-term after-tax weighted average cost of capital, estimated by management to be approximately 11 percent. The Company's soft drink business consistently generates high returns on capital, providing an attractive area for continued investment. With international per capita consumption of Company products at only 11 percent of the U.S. level, attractive investment opportunities exist in many international markets for the Company and its bottlers to expand production and distribution systems. In highly developed soft drink markets, additional high-return investments are made to increase product selection and availability, enhance product appeal and improve overall efficiency. The Company continues to benefit from the consolidation of production and distribution networks and investment in the latest technology and information systems.

Capital expenditures on property, plant and equipment and the percentage distribution by geographic area for 1994, 1993 and 1992 are as follows (dollars in millions):

Year Ended December 31,	1994	1993	1992
Capital expenditures	\$ 878	\$ 800	\$ 1,083
United States	32%	23%	22%
Africa	3%	1%	1%
European Community	26%	33%	41%
Latin America	16%	19%	20%
Northeast Europe/ Middle East	19%	18%	13%
Pacific & Canada	4%	6%	3%

In addition to capital expenditures, the Company has made significant investments in bottling operations over the last decade, ensuring strong and efficient production, distribution and marketing systems and maximizing long-term growth in volume, cash flows and share-owner value of the Company and the bottler system.

When appropriate, the Company makes equity investments in bottling companies. Through these investments, the Company is able to help focus and improve sales and marketing programs, assist in the development of effective business and information systems and help establish capital structures appropriate for these respective operations. During 1994, a joint venture known as the Coca-Cola Bottling Companies of Egypt was formed following the privatization of the Egyptian public sector bottler. In 1993, the Company purchased a 30 percent interest in Coca-Cola FEMSA, S.A. de C.V. (Coca-Cola FEMSA) to assist in further strengthening strategic bottling territories in Latin America. Also in 1993, the Company purchased shares constituting a 10 percent voting interest in Panamerican Beverages, Inc., which owns bottling operations in Mexico, Brazil and Colombia.

In restructuring the bottling system, the Company occasionally purchases temporary majority interests in companies. The length of ownership is influenced by various factors, including operational changes, management changes and the process of identifying appropriate new investors/operators. These investments are generally accounted for by the equity method and relate primarily to temporary majority interests that management intends to reduce to below 50 percent. For example, the Company reduced its voting interest in Coca-Cola Amatil Limited (Coca-Cola Amatil) in early 1995 and in The Coca-Cola Bottling Company of New York, Inc. in January 1994 to below 50 percent, consistent with its stated intention of ending temporary control after completing certain organizational changes.

FINANCIAL REVIEW INCORPORATING MANAGEMENT'S DISCUSSION AND ANALYSIS

In certain situations, owning a controlling interest in bottling operations is advantageous, compensating for limited local resources or facilitating improvements in customer relationships.

As the process of restructuring majority-owned bottlers is completed, the Company will consider selling its majority interests to other companies within the Company's bottling system or selling shares of those bottlers to the public. In 1994, the Company sold a controlling 51 percent interest in the previously wholly owned bottler in Argentina, Coca-Cola S.A. Industrial, Comercial y Financiera, to Coca-Cola FEMSA.

The following table illustrates the excess of the calculated fair values, based on quoted closing prices of publicly traded shares, over the Company's carrying values for selected equity method investees (in millions):

December 31,	Carrying Value	Fair Value	Excess
1994			
Coca-Cola Amatil Limited	\$ 694	\$ 1,230	\$ 536
Coca-Cola Enterprises Inc.	524	1,014	490
Coca-Cola FEMSA, S.A. de C.V.	187	351	164
Coca-Cola Beverages Ltd.	10	60	50
Coca-Cola Bottling Co. Consolidated	85	73	(12)
			\$ 1,228

In 1994, consolidated bottling and fountain operations produced and distributed approximately 16 percent of the Company's worldwide unit case volume. Cost and equity investee bottlers produced and distributed an additional 36 percent of the Company's worldwide unit case volume.

Increasing Returns

The Company manages its concentrate and bottling operations to increase volume and its share of worldwide soft drink sales, while at the same time optimizing profit margins. The Company also provides expertise and resources to its equity investees to strengthen their businesses and to build long-term volume, cash flows and share-owner value.

By controlling costs through more efficient purchasing, manufacturing and distribution processes, allocating marketing resources efficiently and implementing price increases generally in line with local inflation, the Company was able to improve operating margins in 1994.

Expanding the worldwide availability of Company products, increasing per capita consumption of soft drinks and advancing the Company's share of industry sales drive the success of the

Company's global investments. In new and emerging markets, the Company's primary emphasis is on raising per capita consumption levels by expanding *availability* of the Company's products. In these new and emerging markets, major investments are made in the basic infrastructure of the system: facilities, distribution networks and sales equipment. These investments are made by acquiring or forming strategic business alliances with local bottlers, matching local expertise with the Company's focus and experience. Point-of-sale merchandising and product sampling are used to establish consumer awareness and build product *acceptability*. The Company increases consumer awareness and the appeal of its products by using integrated marketing programs, including advertising, to build consumer affinity for the Company's trademarks. Advertising expenditures were \$1,308 million in 1994, \$1,126 million in 1993 and \$1,107 million in 1992.

In leading-edge markets, growth is driven, in part, by providing the consumer with new products and additional serving sizes.

The Company's ownership of and investments in bottling operations also help increase volume and profits. While the bottling business generally provides lower margins on revenue compared to the concentrate business, the Company's consolidated operations continue to increase profits on a per-gallon basis. In addition, the Company's aggressive investment in bottling infrastructure has resulted in profit growth and enhanced sales and unit case volume at the bottler level, which in turn generates increased gallon shipments for the concentrate business.

Equity income, which primarily represents returns from the Company's unconsolidated bottling investments, reached \$134 million in 1994.

Financial Policies

To maximize share-owner value, the Company optimizes its cost of capital through appropriate financial policies.

Debt Financing

The Company maintains debt levels considered prudent based on its cash flow, interest coverage and percentage of debt to total capital. The Company lowers its overall cost of capital through the use of debt financing which increases the return on share-owners' equity.

The Company's capital structure and financial policies have earned long-term credit ratings of "AA" from Standard & Poor's and "Aa3" from Moody's, as well as the highest credit ratings available for the Company's commercial paper programs.

FINANCIAL REVIEW INCORPORATING MANAGEMENT'S DISCUSSION AND ANALYSIS

Financial Risk Management

The Company employs the use of derivative financial instruments for the purpose of reducing exposure to financial risks.

With approximately 79 percent of operating income in 1994 generated by operations outside the United States, the Company benefits from operating in a variety of currencies, as weakness in any particular currency is often offset by strengths in other currencies.

Most foreign currency exposures are managed on a consolidated basis, allowing the Company to net certain exposures and thus take advantage of any natural offsets. Forward exchange contracts are used to adjust the currency mix of recorded assets and liabilities, further reducing the exposure from adverse fluctuations in exchange rates. The Company also enters into forward exchange contracts and swaps and purchases options to hedge both firmly committed and anticipated but not yet firmly committed transactions, and net investments in certain international operations.

The Company uses only liquid spot, forward, option and swap contracts. It does not enter into leveraged, structured or illiquid contracts. Additionally, the Company does not enter into derivative financial instruments for trading purposes. As a matter of policy, all derivative positions are used to hedge underlying economic exposures by mitigating the risk of changes in currency, interest rate and other market risks on a matched basis. Any gains or losses on hedging transactions are generally offset by gains or losses on the underlying exposures being hedged.

Share Repurchases

In July 1992, the Board of Directors authorized a plan to repurchase up to 100 million shares of the Company's common stock through the year 2000. In 1994, the Company repurchased 25 million shares under this plan at a total cost of approximately \$1.2 billion. From the inception of share repurchase programs in 1984 to December 31, 1994, the Company has repurchased 454 million shares at an average price per share of \$15.45.

Dividend Policy

Strong earnings growth has enabled the Company to increase the cash dividend per common share by an average annual compound growth rate of 13 percent since December 31, 1984. The annual common stock dividend was \$.78 per share, \$.68 per share and \$.56 per share in 1994, 1993 and 1992, respectively. At its February 1995 meeting, the Board of Directors increased the quarterly dividend per common share to \$.22, equivalent to a full-year common dividend of \$.88 in 1995, the 33rd consecutive annual increase.

The Board of Directors has maintained a common stock dividend payout ratio of approximately 40 percent of net income, including the 1994 dividend payout ratio.

Measuring Performance

Economic Profit and Economic Value Added provide a direct framework for measuring the impact of value-oriented actions. Economic Profit is defined as net operating profit after taxes in excess of a computed capital charge for average operating capital employed. Economic Value Added represents the growth in Economic Profit from year to year.

Beginning in 1994, the Company expanded the use of Economic Value Added as a performance measurement tool. Measured over a three year time frame, long-term incentive bonuses for certain employees of the Company are now determined, in part, by comparison against Economic Profit target levels. This change in performance measures was made to more closely align management's focus on the key drivers of the business. Management believes that a clear focus on the components of Economic Profit, and the resultant growth in Economic Value Added over time, leads to the creation of share-owner wealth.

Over the last 13 years, the Company has increased its Economic Profit at an average annual compound rate of 26 percent, resulting in Economic Value Added to the Company of \$1.9 billion. Over the same period, the Company's stock price has increased at an average annual compound rate of 25 percent.

Total Return to Share Owners

During the past decade, share owners of the Company have received an excellent return on their investment. A \$100 investment in the Company's common stock at December 31, 1984, together with reinvested dividends, would be worth approximately \$1,237 at December 31, 1994, an average annual compound return of 29 percent.

FINANCIAL REVIEW INCORPORATING MANAGEMENT'S DISCUSSION AND ANALYSIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

Lines of Business

Soft Drinks

The Company is the largest manufacturer, marketer and distributor of soft drink concentrates and syrups in the world. It manufactures soft drink concentrates and syrups, which it sells to bottling and canning operations, and manufactures fountain soft drink syrups, which it sells to authorized fountain wholesalers and some fountain retailers. The Company has substantial equity investments in numerous soft drink bottling and canning operations, and it owns and operates certain bottling and canning operations outside the United States.

Foods

The foods business sector's principal business is processing and marketing juice and juice-drink products. It is the largest marketer of juice and juice-drink products in the world. During 1994, management responsibility for the Minute Maid Juices To Go and Fruitopia product lines was transferred from the foods business sector to the United States and international soft drinks business. Prior years' net operating revenues and operating income have been reclassified to conform to the current year presentation.

Volume

Soft Drinks

The Company measures soft drink volume in two ways: gallon shipments of concentrates and syrups and equivalent unit cases of finished product. Gallon shipments represent the primary business of the Company, since they measure concentrates and syrups sold by the Company to its bottling system. Most of the Company's revenues are based on this measure of "wholesale" activity. The Company also monitors unit case volume, a measure of finished product sold by the bottling system to retail customers, who make sales to consumers. Management believes unit case volume more accurately measures the underlying strength of the global business system because it measures trends at the retail level and is less impacted by inventory management practices at the wholesale level. Fountain syrups sold by the Company directly to customers are included in both measures simultaneously.

Operations

Net Operating Revenues and Gross Margin

Revenues for the Company's soft drink business increased 18 percent in 1994, primarily due to increased gallon shipments, selected price increases, continued expansion of the Company's bottling and canning operations and a weaker U.S. dollar versus key hard currencies. Revenues for the foods business sector in 1994 increased 3 percent, primarily due to price increases for orange juice products.

In 1993, revenues for the Company's soft drink business increased 8 percent, reflecting an increase in gallon shipments and continued expansion of bottling and canning operations, partially offset by the adverse effect of a stronger U.S. dollar versus most key hard currencies. Revenues for the foods business sector were even in 1993, as volume increases offset price reductions.

On a consolidated basis, the Company's worldwide net revenues grew 16 percent in 1994, while gross profit grew 14 percent. The Company's gross margin contracted to 62 percent in 1994 from 63 percent in 1993, primarily due to the acquisition of bottling and canning operations, which typically have lower gross profit to net revenue relationships, but offer strong cash flows.

On a consolidated basis, gross profits grew 10 percent in 1993 on net revenue growth of 7 percent. The Company's gross margin expanded to 63 percent in 1993 from 61 percent in 1992 due to lower costs for materials such as aspartame and orange solids.

Selling, Administrative and General Expenses

Selling expenses were \$4,931 million in 1994, \$4,360 million in 1993 and \$4,006 million in 1992. The increase in 1994 and 1993 was primarily due to higher marketing investments in support of the Company's volume growth.

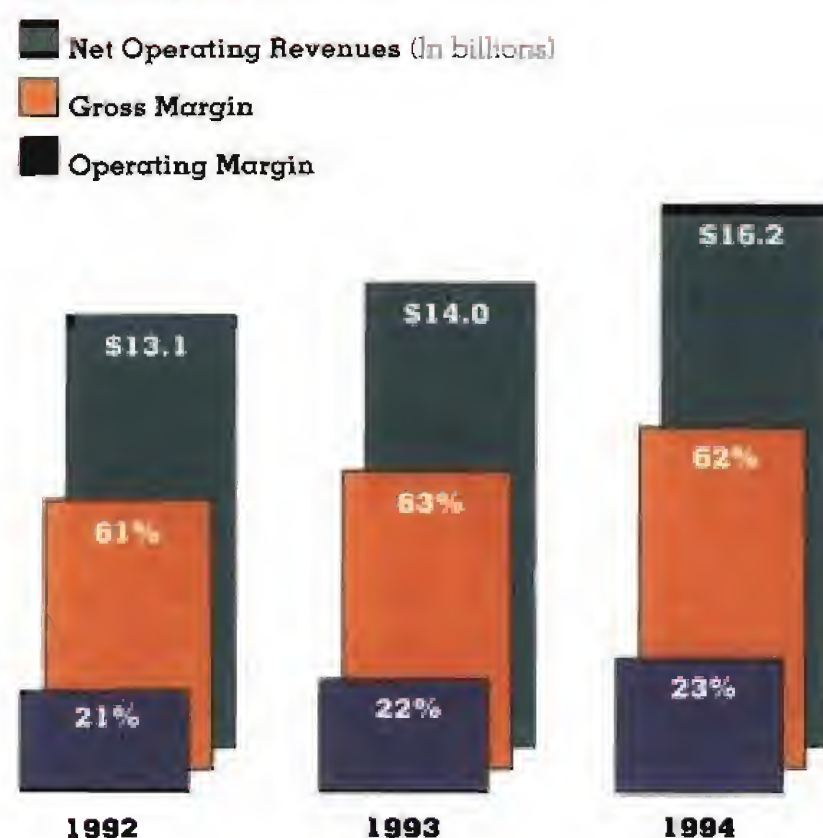
Administrative and general expenses were \$1,366 million in 1994, \$1,335 million in 1993 and \$1,243 million in 1992. The increase in 1994 and 1993 was due primarily to expansion of the business, particularly newly formed, Company-owned bottling operations. Also, administrative and general expenses in 1993 included provisions of \$63 million related to increasing efficiencies in European, domestic and corporate operations. Administrative and general expenses, as a percentage of net operating revenues, were approximately 8 percent in 1994 and 10 percent in 1993 and 1992.

Operating Income and Operating Margin

Operating income grew 20 percent in 1994, after increasing 12 percent in 1993. Operating margins grew to 23 percent in 1994 from 22 percent in 1993. The expansion in operating margins is attributable to revenue growth outpacing moderate growth in selling, administrative and general expenses.

FINANCIAL REVIEW INCORPORATING MANAGEMENT'S DISCUSSION AND ANALYSIS

Margin Analysis



The Company's gross profit and operating income have increased due to growth in revenues and expansion of operating margins.

Interest Income and Interest Expense

Interest income increased 26 percent in 1994 due primarily to rising interest rates and higher average investments in cash equivalents and marketable securities. Interest expense increased 18 percent in 1994 as a result of rising interest rates.

In 1993, interest expense was approximately even with the prior year while interest income decreased 12 percent.

Equity Income

Equity income increased 47 percent to \$134 million in 1994 due primarily to increased earnings from Coca-Cola Enterprises and Coca-Cola & Schweppes Beverages Ltd. and improved results from Coca-Cola Beverages Ltd.

Equity income increased 40 percent to \$91 million in 1993 due primarily to new bottling investments and improved results at Coca-Cola Amatil and Coca-Cola Nestlé Refreshments, offset by the results at Coca-Cola Beverages Ltd.

Other Income (Deductions)-Net

In 1994, other income (deductions)-net decreased \$100 million, primarily due to recognition in 1993 of approximately \$84 million of pretax gains on sales of real estate and bottling investments (described below). No transactions resulting in significant gains occurred in 1994.

In 1993, other income (deductions)-net increased \$86 million, primarily due to gains on sales of certain real estate and bottling investments. This includes a \$50 million pretax gain recognized on the sale of citrus groves in the United States, and a \$34 million pretax gain recognized on the sale of property no

longer required as a result of a consolidation of manufacturing operations in Japan.

Gain on Issuance of Stock by Coca-Cola Amatil

In the fourth quarter of 1993, Coca-Cola Amatil purchased a bottling operation in Indonesia by issuing approximately 8 million shares of common stock, resulting in a noncash pretax gain of \$12 million for the Company.

Income Taxes

The Company's effective tax rates of 31.5 percent in 1994, 31.3 percent in 1993 and 31.4 percent in 1992 reflect the tax benefit derived from having significant operations outside the United States that are taxed at rates lower than the U.S. statutory rate of 35 percent.

Transition Effect of Changes in Accounting Principles

The Company adopted Statement of Financial Accounting Standards No. 115, "Accounting for Certain Investments in Debt and Equity Securities" (SFAS 115) as of January 1, 1994, resulting in an after-tax increase to share-owners' equity of \$60 million, with no effect on net income. SFAS 115 changes the method of accounting for certain debt and marketable equity securities from a historical cost basis to a fair value approach.

As of January 1, 1993, the Company recognized an after-tax charge of \$12 million resulting from the adoption of Statement of Financial Accounting Standards No. 112, "Employers' Accounting for Postemployment Benefits" (SFAS 112). The cumulative charge consists primarily of health benefits for surviving spouses and disabled employees.

As of January 1, 1992, the Company recognized an after-tax charge of \$219 million resulting from the adoption of Statement of Financial Accounting Standards No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions" (SFAS 106). The cumulative charge consists of postretirement health care and life insurance benefit obligations to employees of the Company and the Company's portion of postretirement benefit obligations of its equity investees. The Company elected to absorb this charge immediately rather than amortize the obligation over a period of up to 20 years.

Income Per Share

Accelerated by the Company's share repurchase program, income per share before changes in accounting principles grew 18 percent and 17 percent in 1994 and 1993, respectively. Net income per share grew 19 percent in 1994.

FINANCIAL REVIEW INCORPORATING MANAGEMENT'S DISCUSSION AND ANALYSIS

Liquidity and Capital Resources

The ability to generate cash from operations in excess of requirements for capital reinvestment and dividends remains one of the Company's significant financial strengths. The Company anticipates that its operating activities in 1995 will continue to provide sufficient cash flows to meet all financial commitments and to capitalize on opportunities for business expansion.

Free Cash Flow

Free Cash Flow, which represents the cash remaining from operations after the Company has satisfied its business reinvestment opportunities, increased by 32 percent to \$2.1 billion in 1994. Management focuses on growing Free Cash Flow to achieve the Company's primary objective, maximizing share-owner value. The Company uses Free Cash Flow, along with borrowings, to pay dividends and make share repurchases. The consolidated statements of cash flows are summarized as follows (in millions):

Year Ended December 31,	1994	1993	1992
Cash flows provided by (used in):			
Operations	\$ 3,183	\$ 2,508	\$ 2,232
Investment activities	(1,037)	(885)	(1,359)
Free Cash Flow	2,146	1,623	873
Cash flows provided by (used in):			
Financing	(1,792)	(1,540)	(917)
Exchange	34	(41)	(58)
Increase (decrease) in cash	\$ 388	\$ 42	\$ (102)

Cash provided by operations continued to grow in 1994, reaching \$3.2 billion, resulting from growth in net income before noncash charges for depreciation and amortization and increased dividends from equity method investments. In 1993, cash from operations totaled \$2.5 billion, a 12 percent increase over 1992, resulting primarily from growth in net income.

The Company continued to invest extensively in Eastern Europe, the Middle East and Southeast Asia in 1994. Continued investment, principally in bottling companies, along with equity income, net of dividends received, contributed to an overall increase in the carrying value of the Company's equity method investments in 1994 and 1993. Cash used for acquisitions and investments, principally in bottling companies, declined by \$300 million in 1994. However, this decline was more than offset by a reduction in proceeds from disposals of property, plant and equipment and investments and other assets, resulting in an overall increase in net cash used in investing activities of 17 percent.

A decline in purchases of securities and property, plant and equipment, coupled with the receipt of proceeds on the sales of real estate in Japan and the United States and various bottling investments, resulted in a net decrease in cash used in investment activities in 1993.

The Company's finance subsidiary made additional borrowings in 1994 and 1993 to fund increased receivables. The increase in 1994 in marketable securities and the carrying value of cost method investments is due in part to the Company's adoption of SFAS 115, which reflects a noncash adjustment to fair value. A portion of the increase in marketable securities and other assets in 1994, as well as the majority of the increase in 1993, was attributable to an increase in securities held in accordance with a negotiated income tax exemption grant for the Company's manufacturing facilities in Puerto Rico. The balance also increased due to deferred tax assets generated in 1994 and 1993.

Timing of tax payments, including those attributable to the sales of real estate, resulted in an increase in accrued taxes of 33 percent in 1993.

Financing Activities

Financing activities primarily represent the Company's net borrowing activities, dividend payments and share repurchases. Net cash used in financing activities totaled \$1.8 billion in 1994, \$1.5 billion in 1993 and \$917 million in 1992. The change between years was due, in part, to net borrowings of debt in 1994 and 1992, compared to net reductions of debt in 1993. Cash used to purchase common stock for treasury increased to \$1.2 billion in 1994, from \$680 million in 1993.

The Company's reputation, global presence and strong capital position afford it access to key financial markets around the world, enabling the Company to raise funds with a low effective cost. This posture, coupled with the Company's aggressive management of its mix of short-term versus long-term debt, results in a lower overall cost of borrowing. The Company's debt management policies, in association with the share repurchase program and investment activity, typically result in current liabilities exceeding current assets.

The Company manages its debt levels based on the following financial measurements and ratios:

Year Ended December 31,	1994	1993	1992
Net debt (in billions)	\$ 1.5	\$ 1.6	\$ 1.8
Net debt to net capital	23%	26%	32%
Free cash flow to net debt	141%	100%	48%
Interest coverage	19x	18x	16x
Ratio of earnings to fixed charges	16.8x	15.7x	14.1x

FINANCIAL REVIEW INCORPORATING MANAGEMENT'S DISCUSSION AND ANALYSIS

Debt levels are measured excluding the debt of the Company's finance subsidiary, and are net of cash, cash equivalents and marketable securities in excess of operating requirements and net of temporary bottling investments.

Commercial paper is the Company's primary source of short-term financing. At December 31, 1994, the Company had \$2.8 billion in lines of credit and other short-term credit facilities available, under which \$2.0 billion was outstanding. Included was \$1.8 billion outstanding in commercial paper borrowings. The 1994 increase in loans and notes payable is primarily attributable to additional commercial paper borrowings resulting from the Company's management of its mix of short and long-term debt.

Exchange

International operations are subject to certain opportunities and risks, including currency fluctuations and government actions. The Company closely monitors its methods of operating in each country and adopts strategies responsive to changing economic and political environments, providing flexibility to take advantage of changing foreign currencies and interest rates.

The Company uses approximately 49 functional currencies. In 1994, 1993 and 1992, the weighted average exchange rates for certain key foreign currencies that are traded on exchange markets strengthened (weakened) against the U.S. dollar as follows:

Year Ended December 31,	1994	1993	1992
Key market-traded currencies	3 %	(3)%	5 %
Australian dollar	9 %	(7)%	(5)%
British pound	2 %	(15)%	1 %
Canadian dollar	(5)%	(8)%	(4)%
French franc	(1)%	(3)%	9 %
German mark	2 %	(5)%	8 %
Japanese yen	9 %	15 %	6 %

The change in the foreign currency translation adjustment in 1994 was due primarily to the weakening of the U.S. dollar against certain key currencies. Exchange losses recorded in other income (deductions)-net amounted to \$25 million in 1994, \$74 million in 1993 and \$25 million in 1992. Exchange losses include the remeasurement of certain currencies into functional currencies and the costs of hedging certain transaction and balance sheet exposures.

Additional information concerning the Company's hedging activities is presented on pages 55 through 57.

Impact of Inflation and Changing Prices

Inflation is a factor in many markets around the world and consequently impacts the way the Company operates. In general, the Company is able to increase prices to counteract the effects of increasing costs and generate sufficient cash flows to maintain its productive capability.

Outlook

By operating in a global business environment whereby the majority of the Company's operating income is generated by operations outside the United States, the Company benefits from operating in a variety of currencies, as currency devaluations and economic weakness in any particular region are often offset by strengths in other currencies and regional economies. Additionally, management of the Company has various operational initiatives available to offset the unfavorable impact of such events.

Although future economic events cannot be predicted with accuracy and recessionary conditions in certain markets may present uncertainties, management believes continued expansion into the developing population centers of the world presents further opportunity for growth. The strength of the Company's brands, its broad global presence in both developed and developing markets, and its strong financial condition, allow the Company the flexibility to take advantage of growth opportunities and to continue to increase share-owner value.

Additional Information

For additional information concerning the Company's operations, cash flows, liquidity and capital resources, this analysis should be read in conjunction with the information on pages 46 through 66 of this report. Additional information concerning operations in different lines of business and geographic areas is presented on pages 63 and 64.

SELECTED FINANCIAL DATA

(In millions except per share data, ratios and growth rates)	Compound Growth Rates		Year Ended December 31,	
	5 Years	10 Years	1994 ¹	1993 ²
Summary of Operations				
Net operating revenues	13.4%	11.5%	\$ 16,172	\$ 13,957
Cost of goods sold	11.7%	8.5%	6,167	5,160
Gross profit	14.5%	14.0%	10,005	8,797
Selling, administrative and general expenses	13.5%	13.0%	6,297	5,695
Operating income	16.5%	15.9%	3,708	3,102
Interest income			181	144
Interest expense			199	168
Equity income			134	91
Other income (deductions)-net			(96)	4
Gain on issuance of stock by equity investees			—	12
Income from continuing operations before income taxes and changes in accounting principles	16.1%	15.2%	3,728	3,185
Income taxes	16.2%	12.5%	1,174	997
Income from continuing operations before changes in accounting principles	16.1%	16.6%	\$ 2,554	\$ 2,188
Net income	10.7% ³	15.0%	\$ 2,554	\$ 2,176
Preferred stock dividends			—	—
Net income available to common share owners	11.0% ³	15.0%	\$ 2,554	\$ 2,176
Average common shares outstanding			1,290	1,302
Per Common Share Data				
Income from continuing operations before changes in accounting principles	18.1%	18.9%	\$ 1.98	\$ 1.68
Net income	12.5%	17.3%	1.98	1.67
Cash dividends	18.1%	13.0%	.78	.68
Market price at December 31	21.7%	25.8%	51.50	44.63
Balance Sheet Data				
Cash, cash equivalents and current marketable securities			\$ 1,531	\$ 1,078
Property, plant and equipment-net			4,080	3,729
Depreciation			382	333
Capital expenditures			878	800
Total assets			13,873	12,021
Long-term debt			1,426	1,428
Total debt			3,509	3,100
Share-owners' equity			5,235	4,584
Total capital ⁴			8,744	7,684
Other Key Financial Measures¹				
Total-debt-to-total-capital			40.1%	40.3%
Net-debt-to-net-capital			22.6%	26.2%
Return on common equity			52.0%	51.7%
Return on capital			32.7%	31.2%
Dividend payout ratio			39.4%	40.6%
Economic profit			\$ 2,012	\$ 1,495

¹See Glossary on page 70.

²In 1994, the Company adopted SFAS No. 115, "Accounting for Certain Investments in Debt and Equity Securities."

³In 1993, the Company adopted SFAS No. 112, "Employers' Accounting for Postemployment Benefits."

⁴In 1992, the Company adopted SFAS No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions."

⁵The Company adopted SFAS No. 109, "Accounting for Income Taxes," in 1992 by restating financial statements beginning in 1989.

THE COCA-COLA COMPANY AND SUBSIDIARIES

1992 ^a	1991 ^a	1990 ^a	1989 ^a	1988	1987	1986	1985	1984
\$ 13,074	\$ 11,572	\$ 10,236	\$ 8,622	\$ 8,065	\$ 7,658	\$ 6,977	\$ 5,879	\$ 5,442
5,055	4,649	4,208	3,548	3,429	3,633	3,454	2,909	2,738
8,019	6,923	6,028	5,074	4,636	4,025	3,523	2,970	2,704
5,249	4,604	4,076	3,348	3,038	2,701	2,626	2,163	1,855
2,770	2,319	1,952	1,726	1,598	1,324	897	807	849
164	175	170	205	199	232	154	151	133
171	192	231	308	230	297	208	196	128
65	40	110	75	92	64	45	52	42
(82)	41	13	66	(33)	—	35	69	13
—	—	—	—	—	40	375	—	—
2,746	2,383	2,014	1,764	1,626	1,363	1,298	883	909
863	765	632	553	537	496	471	314	360
\$ 1,883	\$ 1,618	\$ 1,382	\$ 1,211	\$ 1,089	\$ 867	\$ 827	\$ 569	\$ 549
\$ 1,664	\$ 1,618	\$ 1,382	\$ 1,537	\$ 1,045	\$ 916	\$ 934	\$ 722	\$ 629
—	1	18	21	7	—	—	—	—
\$ 1,664	\$ 1,617	\$ 1,364	\$ 1,516 ^b	\$ 1,038	\$ 916	\$ 934	\$ 722	\$ 629
1,317	1,333	1,337	1,384	1,458	1,509	1,547	1,573	1,587
\$ 1.43	\$ 1.21	\$ 1.02	\$.86	\$.74	\$.57	\$.53	\$.36	\$.35
1.26	1.21	1.02	1.10 ^c	.71	.61	.60	.46	.40
.56	.48	.40	.34	.30	.28	.26	.25	.23
41.88	40.13	23.25	19.31	11.16	9.53	9.44	7.04	5.20
\$ 1,063	\$ 1,117	\$ 1,492	\$ 1,182	\$ 1,231	\$ 1,489	\$ 895	\$ 843	\$ 768
3,526	2,890	2,386	2,021	1,759	1,602	1,538	1,483	1,284
310	254	236	181	167	152	151	130	119
1,083	792	593	462	387	304	346	412	300
11,052	10,189	9,245	8,249	7,451	8,606	7,675	6,341	5,241
1,120	985	536	549	761	909	996	801	631
3,207	2,288	2,537	1,980	2,124	2,995	1,848	1,280	1,310
3,888	4,239	3,662	3,299	3,345	3,187	3,479	2,948	2,751
7,095	6,527	6,199	5,279	5,469	6,182	5,327	4,228	4,061
45.2%	35.1%	40.9%	37.5%	38.8%	48.4%	34.7%	30.3%	32.3%
31.9%	19.2%	23.7%	14.7%	18.9%	15.4%	10.9%	15.6%	19.7%
46.4%	41.3%	41.4%	39.4%	34.7%	26.0%	25.7%	20.0%	19.4%
29.4%	27.5%	26.8%	26.5%	21.3%	18.3%	20.1%	16.8%	16.7%
44.3%	39.5%	39.2%	31.0% ^c	42.1%	46.0%	43.1%	53.8%	57.9%
\$ 1,293	\$ 1,029	\$ 878	\$ 821	\$ 748	\$ 417	\$ 311	\$ 269	\$ 268

^aNet income available to common share owners in 1989 includes after-tax gains of \$604 million (\$.44 per common share) from the sales of the Company's equity interest in Columbia Pictures Entertainment, Inc. and the Company's bottled water business and the transition effect of \$265 million related to the change in accounting for income taxes. Excluding these nonrecurring items, the dividend payout ratio in 1989 was 39.9 percent.

CONSOLIDATED BALANCE SHEETS

December 31,	1994	1993
<i>(In millions except share data)</i>		
Assets		
Current		
Cash and cash equivalents	\$ 1,386	\$ 998
Marketable securities	145	80
	1,531	1,078
Trade accounts receivable, less allowances of \$33 in 1994 and \$39 in 1993	1,470	1,210
Finance subsidiary receivables	55	33
Inventories	1,047	1,049
Prepaid expenses and other assets	1,102	1,064
Total Current Assets	5,205	4,434
Investments and Other Assets		
Equity method investments		
Coca-Cola Enterprises Inc.	524	498
Coca-Cola Amatil Limited	694	592
Other, principally bottling companies	1,114	1,037
Cost method investments, principally bottling companies	178	88
Finance subsidiary receivables	255	226
Marketable securities and other assets	1,163	868
	3,928	3,309
Property, Plant and Equipment		
Land	221	197
Buildings and improvements	1,814	1,616
Machinery and equipment	3,776	3,380
Containers	346	403
	6,157	5,596
Less allowances for depreciation	2,077	1,867
	4,080	3,729
Goodwill and Other Intangible Assets		
	660	549
	\$ 13,873	\$ 12,021

December 31,	1994	1993
Liabilities and Share-Owners' Equity		
Current		
Accounts payable and accrued expenses	\$ 2,564	\$ 2,217
Loans and notes payable	1,757	1,409
Finance subsidiary notes payable	291	244
Current maturities of long-term debt	35	19
Accrued taxes	1,530	1,282
Total Current Liabilities	6,177	5,171
Long-Term Debt	1,426	1,428
Other Liabilities	855	725
Deferred Income Taxes	180	113
Share-Owners' Equity		
Common stock, \$.25 par value		
Authorized: 2,800,000,000 shares		
Issued: 1,707,627,955 shares in 1994; 1,703,526,299 shares in 1993	427	426
Capital surplus	1,173	1,086
Reinvested earnings	11,006	9,458
Unearned compensation related to outstanding restricted stock	(74)	(85)
Foreign currency translation adjustment	(272)	(420)
Unrealized gain on securities available-for-sale	48	—
	12,308	10,465
Less treasury stock, at cost (431,694,661 shares in 1994; 406,072,817 shares in 1993)	7,073	5,881
	5,235	4,584
	\$ 13,873	\$ 12,021

See Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF INCOME

Year Ended December 31,	1994	1993	1992
(In millions except per share data)			
Net Operating Revenues	\$ 16,172	\$ 13,957	\$ 13,074
Cost of goods sold	6,167	5,160	5,055
Gross Profit	10,005	8,797	8,019
Selling, administrative and general expenses	6,297	5,695	5,249
Operating Income	3,708	3,102	2,770
Interest income	181	144	164
Interest expense	199	168	171
Equity income	134	91	65
Other income (deductions)-net	(96)	4	(82)
Gain on issuance of stock by Coca-Cola Amatil	—	12	—
Income before Income Taxes and Changes in Accounting Principles	3,728	3,185	2,746
Income taxes	1,174	997	863
Income before Changes in Accounting Principles	2,554	2,188	1,883
Transition effects of changes in accounting principles			
Postemployment benefits	—	(12)	—
Postretirement benefits other than pensions			
Consolidated operations	—	—	(146)
Equity investments	—	—	(73)
Net Income	\$ 2,554	\$ 2,176	\$ 1,664
Income per Share			
Before changes in accounting principles	\$ 1.98	\$ 1.68	\$ 1.43
Transition effects of changes in accounting principles			
Postemployment benefits	—	(.01)	—
Postretirement benefits other than pensions			
Consolidated operations	—	—	(.11)
Equity investments	—	—	(.06)
Net Income per Share	\$ 1.98	\$ 1.67	\$ 1.26
Average Shares Outstanding	1,290	1,302	1,317

See Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Year Ended December 31,	1994	1993	1992
(In millions)			
Operating Activities			
Net income	\$ 2,554	\$ 2,176	\$ 1,664
Transition effects of changes in accounting principles	—	12	219
Depreciation and amortization	411	360	322
Deferred income taxes	58	(62)	(27)
Equity income, net of dividends	(4)	(35)	(30)
Foreign currency adjustments	(6)	9	24
Gains on sales of assets	—	(84)	—
Other noncash items	41	78	103
Net change in operating assets and liabilities	129	54	(43)
Net cash provided by operating activities	3,183	2,508	2,232
Investing Activities			
Additions to finance subsidiary receivables	(94)	(177)	(54)
Collections of finance subsidiary receivables	50	44	254
Acquisitions and investments, principally bottling companies	(311)	(611)	(388)
Purchases of securities	(758)	(621)	(656)
Proceeds from disposals of investments and other assets	856	1,066	522
Purchases of property, plant and equipment	(878)	(800)	(1,083)
Proceeds from disposals of property, plant and equipment	109	312	47
Other investing activities	(11)	(98)	(1)
Net cash used in investing activities	(1,037)	(885)	(1,359)
Net cash provided by operations after reinvestment	2,146	1,623	873
Financing Activities			
Issuances of debt	491	445	1,381
Payments of debt	(154)	(567)	(432)
Issuances of stock	69	145	131
Purchases of stock for treasury	(1,192)	(680)	(1,259)
Dividends	(1,006)	(883)	(738)
Net cash used in financing activities	(1,792)	(1,540)	(917)
Effect of Exchange Rate Changes on Cash and Cash Equivalents	34	(41)	(58)
Cash and Cash Equivalents			
Net increase (decrease) during the year	388	42	(102)
Balance at beginning of year	998	956	1,058
Balance at end of year	\$ 1,386	\$ 998	\$ 956

See Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF SHARE-OWNERS' EQUITY

Three Years Ended December 31, 1994	Number of Common Shares Outstanding	Common Stock	Capital Surplus	Reinvested Earnings	Outstanding Restricted Stock	Foreign Currency Translation	Unrealized Gain on Securities	Treasury Stock
<i>(In millions except per share data)</i>								
Balance December 31, 1991	1,329	\$ 422	\$ 640	\$ 7,239	\$ (115)	\$ (5)	\$ —	\$ (3,942)
Stock issued to employees exercising stock options	9	2	129	—	—	—	—	—
Tax benefit from employees' stock option and restricted stock plans	—	—	93	—	—	—	—	—
Stock issued under restricted stock plans, less amortization of \$25	—	—	9	—	15	—	—	—
Translation adjustments	—	—	—	—	—	(266)	—	—
Purchases of stock for treasury	(31) ¹	—	—	—	—	—	—	(1,259)
Net income	—	—	—	1,664	—	—	—	—
Dividends (per share—\$.56)	—	—	—	(738)	—	—	—	—
Balance December 31, 1992	1,307	424	871	8,165	(100)	(271)	—	(5,201)
Stock issued to employees exercising stock options	7	2	143	—	—	—	—	—
Tax benefit from employees' stock option and restricted stock plans	—	—	66	—	—	—	—	—
Stock issued under restricted stock plans, less amortization of \$19	—	—	6	—	15	—	—	—
Translation adjustments	—	—	—	—	—	(149)	—	—
Purchases of stock for treasury	(17) ¹	—	—	—	—	—	—	(680)
Net income	—	—	—	2,176	—	—	—	—
Dividends (per share—\$.68)	—	—	—	(883)	—	—	—	—
Balance December 31, 1993	1,297	426	1,086	9,458	(85)	(420)	—	(5,881)
Transition effect of change in accounting for certain debt and marketable equity securities, net of deferred taxes	—	—	—	—	—	—	60	—
Stock issued to employees exercising stock options	4	1	68	—	—	—	—	—
Tax benefit from employees' stock option and restricted stock plans	—	—	17	—	—	—	—	—
Stock issued under restricted stock plans, less amortization of \$13	—	—	2	—	11	—	—	—
Translation adjustments	—	—	—	—	—	148	—	—
Net change in unrealized gain on securities, net of deferred taxes	—	—	—	—	—	—	(12)	—
Purchases of stock for treasury	(25) ¹	—	—	—	—	—	—	(1,192)
Net income	—	—	—	2,554	—	—	—	—
Dividends (per share—\$.78)	—	—	—	(1,006)	—	—	—	—
Balance December 31, 1994	1,276	\$ 427	\$ 1,173	\$ 11,006	\$ (74)	\$ (272)	\$ 48	\$ (7,073)

¹Common stock purchased from employees exercising stock options amounted to 208 thousand, 2.7 million and 1.3 million shares for the years ending December 31, 1994, 1993 and 1992, respectively.

See Notes to Consolidated Financial Statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Accounting Policies

The significant accounting policies and practices followed by The Coca-Cola Company and subsidiaries (the Company) are as follows:

Consolidation

The consolidated financial statements include the accounts of the Company and all subsidiaries except where control is temporary or does not rest with the Company. The Company's investments in companies in which it has the ability to exercise significant influence over operating and financial policies, including certain investments where there is a temporary majority interest, are accounted for by the equity method. Accordingly, the Company's share of the net earnings of these companies is included in consolidated net income. The Company's investments in other companies are carried at cost or fair value, where appropriate. All significant intercompany accounts and transactions are eliminated.

Certain amounts in the prior years' financial statements have been reclassified to conform to the current year presentation.

Net Income per Share

Net income per share is computed by dividing net income by the weighted average number of shares outstanding.

Cash Equivalents

Marketable securities that are highly liquid and have maturities of three months or less at the date of purchase are classified as cash equivalents.

Inventories

Inventories are valued at the lower of cost or market. In general, cost is determined on the basis of average cost or first-in, first-out methods. However, for certain inventories, cost is determined on the last-in, first-out (LIFO) method. The excess of current costs over LIFO stated values amounted to approximately \$15 million and \$9 million at December 31, 1994 and 1993, respectively.

Property, Plant and Equipment

Property, plant and equipment are stated at cost and are depreciated principally by the straight-line method over the estimated useful lives of the assets.

Goodwill and Other Intangible Assets

Goodwill and other intangible assets are stated on the basis of cost and are amortized, principally on a straight-line basis, over the estimated future periods to be benefited (not exceeding 40 years). Accumulated amortization was approximately \$77 million and \$50 million at December 31, 1994 and 1993, respectively.

Changes in Accounting Principles

Statement of Financial Accounting Standards No. 115, "Accounting for Certain Investments in Debt and Equity Securities" (SFAS 115), was adopted as of January 1, 1994. SFAS 115 requires that the carrying value of certain investments be adjusted to their fair value. Upon adoption of SFAS 115, the Company recorded an increase to share-owners' equity of \$60 million, which is net of deferred taxes of \$44 million.

Statement of Financial Accounting Standards No. 112, "Employers' Accounting for Postemployment Benefits" (SFAS 112), was adopted as of January 1, 1993. SFAS 112 requires employers to accrue the costs of benefits to former or inactive employees after employment, but before retirement. Upon adoption, the Company recorded an accumulated obligation of \$12 million, which is net of deferred taxes of \$8 million.

2. Inventories

Inventories consist of the following (in millions):

December 31,	1994	1993
Raw materials and supplies	\$ 728	\$ 689
Work in process	4	4
Finished goods	315	356
	\$ 1,047	\$ 1,049

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

3. Bottling Investments**Coca-Cola Enterprises Inc.**

Coca-Cola Enterprises is the largest soft drink bottler in the world. The Company owns approximately 44 percent of the outstanding common stock of Coca-Cola Enterprises, and accordingly, accounts for its investment by the equity method of accounting. A summary of financial information for Coca-Cola Enterprises is as follows (in millions):

December 31,	1994	1993
Current assets	\$ 809	\$ 746
Noncurrent assets	7,928	7,936
Total assets	\$ 8,737	\$ 8,682
Current liabilities	\$ 1,088	\$ 1,007
Noncurrent liabilities	6,310	6,415
Total liabilities	\$ 7,398	\$ 7,422
Share-owners' equity	\$ 1,339	\$ 1,260
Company equity investment	\$ 524	\$ 498

Year Ended December 31,	1994	1993	1992
Net operating revenues	\$ 6,011	\$ 5,465	\$ 5,127
Cost of goods sold	3,703	3,372	3,219
Gross profit	\$ 2,308	\$ 2,093	\$ 1,908
Operating income	\$ 440	\$ 385	\$ 306
Operating cash flow ¹	\$ 901	\$ 804	\$ 695
Income (loss) before changes in accounting principles	\$ 69	\$ (15)	\$ (15)
Net income (loss) available to common share owners	\$ 67	\$ (15)	\$ (186)
Company equity income (loss)	\$ 30	\$ (6)	\$ (6)

¹Excludes nonrecurring charges.

The 1992 net loss of Coca-Cola Enterprises includes \$171 million of noncash, after-tax charges resulting from the adoption of Statement of Financial Accounting Standards No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions" (SFAS 106) and Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes" (SFAS 109) as of January 1, 1992. The Company's financial statements reflect the adoption of SFAS 109 by Coca-Cola Enterprises as if it occurred on January 1, 1989.

The Company's net concentrate/syrup sales to Coca-Cola Enterprises were \$1.2 billion in 1994, \$961 million in 1993 and \$889 million in 1992. Coca-Cola Enterprises purchases sweeteners through the Company under a pass-through arrangement, and accordingly, related collections from Coca-Cola Enterprises and payments to suppliers are not included in the

Company's consolidated statements of income. These transactions amounted to \$254 million in 1994, \$211 million in 1993 and \$225 million in 1992. The Company also provides certain administrative and other services to Coca-Cola Enterprises under negotiated fee arrangements.

The Company engages in a wide range of marketing programs, media advertising and other similar arrangements to promote the sale of Company products in territories in which Coca-Cola Enterprises operates. The Company's direct support for certain marketing activities of Coca-Cola Enterprises and participation with Coca-Cola Enterprises in cooperative advertising and other marketing programs amounted to approximately \$319 million in 1994, \$256 million in 1993 and \$253 million in 1992. In addition, in 1994 the Company committed to provide approximately \$34 million to Coca-Cola Enterprises under a Company program which encourages bottlers to invest in building and supporting soft drink infrastructure.

In January 1994, the Company sold common stock representing a 9 percent voting interest in The Coca-Cola Bottling Company of New York, Inc. (CCNY) to Coca-Cola Enterprises, thereby reducing the Company's ownership in CCNY below 50 percent.

If valued at the December 31, 1994, quoted closing price of publicly traded Coca-Cola Enterprises shares, the calculated value of the Company's investment in Coca-Cola Enterprises would have exceeded its carrying value by approximately \$490 million.

Other Equity Investments

At December 31, 1994, the Company owned approximately 50 percent of Coca-Cola Amatil, an Australian-based bottler of Company products that operates in 12 countries. In early 1995, the Company reduced its ownership in Coca-Cola Amatil to approximately 49 percent and, accordingly, the investment has been accounted for by the equity method.

In the fourth quarter of 1993, Coca-Cola Amatil issued approximately 8 million shares of stock to acquire the Company's franchise bottler in Jakarta, Indonesia. This transaction resulted in a pretax gain for the Company of approximately \$12 million.

At December 31, 1994, the excess of the Company's investment over its equity in the underlying net assets of Coca-Cola Amatil was approximately \$191 million, which is being amortized over 40 years.

In 1993, the Company acquired a 30 percent equity interest in Coca-Cola FEMSA, which operates bottling facilities in Mexico and Argentina, for \$195 million. At December 31, 1994, the excess of the Company's investment over its equity in the underlying net assets of Coca-Cola FEMSA was approximately \$108 million, which is being amortized over 40 years.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Operating results include the Company's proportionate share of income from equity investments since the respective dates of investment. A summary of financial information for the Company's equity investments, other than Coca-Cola Enterprises, is as follows (in millions):

December 31,	1994	1993
Current assets	\$ 2,747	\$ 2,294
Noncurrent assets	5,316	4,780
Total assets	\$ 8,063	\$ 7,074
Current liabilities	\$ 2,382	\$ 1,926
Noncurrent liabilities	2,669	2,366
Total liabilities	\$ 5,051	\$ 4,292
Share-owners' equity	\$ 3,012	\$ 2,782
Company equity investment	\$ 1,808	\$ 1,629

Year Ended December 31,	1994	1993	1992
Net operating revenues	\$ 9,668	\$ 8,168	\$ 7,027
Cost of goods sold	6,397	5,385	4,740
Gross profit	\$ 3,271	\$ 2,783	\$ 2,287
Operating income	\$ 987	\$ 673	\$ 364
Operating cash flow	\$ 1,280	\$ 984	\$ 923
Income before changes in accounting principles	\$ 323	\$ 258	\$ 199
Net income	\$ 323	\$ 258	\$ 74
Company equity income	\$ 104	\$ 97	\$ 71

Equity investments include certain non-bottling investees.

Net income for the Company's equity investments in 1993 reflects an \$86 million after-tax charge recorded by Coca-Cola Beverages Ltd., related to restructuring its operations in Canada.

Net sales to equity investees other than Coca-Cola Enterprises were \$1.2 billion in 1994 and 1993 and \$1.3 billion in 1992. The Company also participates in various marketing, promotional and other activities with these investees, the majority of which are located outside the United States.

If valued at the December 31, 1994, quoted closing prices of shares actively traded on stock markets, the calculated value of the Company's equity investments in publicly traded bottlers other than Coca-Cola Enterprises would have exceeded the Company's carrying value by approximately \$738 million.

4. Finance Subsidiary

Coca-Cola Financial Corporation (CCFC) provides loans and other forms of financing to Coca-Cola bottlers and customers for the acquisition of sales-related equipment and for other business purposes. The approximate contractual maturities of finance

receivables for the five years succeeding December 31, 1994, are as follows (in millions):

1995	1996	1997	1998	1999
\$ 55	\$ 41	\$ 30	\$ 129	\$ 17

These amounts do not reflect possible prepayments or renewals.

CCFC has provided \$100 million in subordinated loans to CCNY and has agreed to issue up to \$50 million in letters of credit on CCNY's behalf, of which \$26 million was committed at December 31, 1994.

5. Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses consist of the following (in millions):

December 31,	1994	1993
Accrued marketing	\$ 425	\$ 371
Container deposits	112	122
Accrued compensation	189	169
Accounts payable and other accrued expenses	1,838	1,555
	\$ 2,564	\$ 2,217

6. Short-Term Borrowings and Credit Arrangements

Loans and notes payable consist primarily of commercial paper issued in the United States. At December 31, 1994, the Company had \$2.8 billion in lines of credit and other short-term credit facilities available, under which \$2.0 billion was outstanding. Included was \$1.8 billion outstanding in commercial paper borrowings. The Company's weighted average interest rates for notes payable to financial institutions and commercial paper, respectively, were approximately 10.7 and 5.8 percent at December 31, 1994, and 9.7 and 3.3 percent at December 31, 1993. The weighted average interest rate for notes payable to financial institutions reflects the impact of borrowing in certain high inflation countries.

These facilities are subject to normal banking terms and conditions. Some of the financial arrangements require compensating balances, none of which are presently significant to the Company.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

7. Accrued Taxes

Accrued taxes consist of the following (in millions):

December 31,	1994	1993
Income taxes	\$ 1,312	\$ 1,106
Sales, payroll and other taxes	218	176
	\$ 1,530	\$ 1,282

8. Long-Term Debt

Long-term debt consists of the following (in millions):

December 31,	1994	1993
7¾% U.S. dollar notes due 1996	\$ 250	\$ 250
5¾% Japanese yen notes due 1996	301	270
5¾% German mark notes due 1998 ¹	161	147
7¾% U.S. dollar notes due 1998	250	249
6¾% U.S. dollar notes due 2002	149	149
6% U.S. dollar notes due 2003	150	150
7¾% U.S. dollar notes due 2093	116	148
Other, due 1995 to 2013 ²	84	84
	1,461	1,447
Less current portion	35	19
	\$ 1,426	\$ 1,428

¹Portions of these notes have been swapped for liabilities denominated in other currencies.

²The weighted average interest rate is approximately 9.4 percent.

After giving effect to interest rate management instruments (see Note 10), the principal amount of the Company's long-term debt that had fixed and variable interest rates, respectively, was \$849 million and \$612 million at December 31, 1994, and \$1,297 million and \$150 million at December 31, 1993. The weighted average interest rate on the Company's long-term debt was 6.6 and 6.0 percent at December 31, 1994 and 1993, respectively.

Maturities of long-term debt for the five years succeeding December 31, 1994, are as follows (in millions):

1995	1996	1997	1998	1999
\$ 35	\$ 574	\$ 7	\$ 418	\$ 4

The above notes include various restrictions, none of which are presently significant to the Company.

Interest paid was approximately \$197 million, \$158 million and \$174 million in 1994, 1993 and 1992, respectively.

9. Financial Instruments

Fair Value of Financial Instruments

The carrying amounts reflected in the consolidated balance sheets for cash, cash equivalents, loans and notes payable approximate their respective fair values due to the short maturities of these instruments. The fair values for debt and marketable equity securities, investments, receivables, long-term debt and hedging instruments are based primarily on quoted market prices for those or similar instruments. A comparison of the carrying value and fair value of these financial instruments is as follows (in millions):

December 31,	Carrying Value	Fair Value
1994		
Current marketable securities	\$ 145	\$ 145
Finance subsidiary receivables	310	315
Cost method investments, principally bottling companies	178	236
Marketable securities and other assets	1,163	1,156
Long-term debt	(1,461)	(1,416)
Hedging instruments	64	(293)
1993		
Current marketable securities	\$ 80	\$ 102
Finance subsidiary receivables	259	265
Cost method investments, principally bottling companies	88	259
Marketable securities and other assets	868	865
Long-term debt	(1,447)	(1,531)
Hedging instruments	31	(142)

Certain Debt and Marketable Equity Securities

As discussed in Note 1, the Company adopted SFAS 115 at January 1, 1994, changing the method of accounting for certain debt and marketable equity security investments from a historical cost basis to a fair value approach. Under SFAS 115, investments in debt and marketable equity securities, other than investments accounted for by the equity method, are categorized as either trading, available-for-sale or held-to-maturity. At January 1 and December 31, 1994, the Company had no trading securities. Securities categorized as available-for-sale are stated at fair value, with unrealized gains and losses, net of deferred taxes, reported in share-owners' equity. Debt securities categorized as held-to-maturity are stated at amortized cost.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Available-for-sale and held-to-maturity securities consist of the following (in millions):

December 31,	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
1994				
Available-for-sale securities				
Equity securities	\$ 48	\$ 76	\$ (4)	\$ 120
Collateralized mortgage obligations	150	—	(11)	139
Other debt securities	32	—	—	32
	\$ 230	\$ 76	\$ (15)	\$ 291
Held-to-maturity securities				
Bank and corporate debt	\$ 1,388	\$ —	\$ —	\$ 1,388
Other debt securities	68	—	—	68
	\$ 1,456	\$ —	\$ —	\$ 1,456

These investments were included in the following captions on the consolidated balance sheet (in millions):

December 31,	Available-for-Sale Securities	Held-to-Maturity Securities
1994		
Cash and cash equivalents	\$ —	\$ 1,041
Current marketable securities	87	58
Cost method investments, principally bottling companies	58	—
Marketable securities and other assets	146	357
	\$ 291	\$ 1,456

The contractual maturities of these investments as of December 31, 1994, were as follows (in millions):

	Available-for-Sale Securities		Held-to-Maturity Securities	
	Cost	Fair Value	Amortized Cost	Fair Value
1995	\$ 27	\$ 27	\$ 1,099	\$ 1,099
1996-1999	5	5	315	315
After 1999	—	—	42	42
Collateralized mortgage obligations	150	139	—	—
Equity securities	48	120	—	—
	\$ 230	\$ 291	\$ 1,456	\$ 1,456

Gross realized gains on sales of available-for-sale securities totaled \$1 million for the year ended December 31, 1994. Gross realized losses for the same period were not material. The cost of securities sold is based on the specific identification method.

10. Hedging Transactions and Derivative Financial Instruments

The Company employs the use of derivative financial instruments for the purpose of reducing its exposure to adverse fluctuations in interest and foreign exchange rates. While these hedging instruments are subject to fluctuations in value, such fluctuations are generally offset by the value of the underlying exposures being hedged. The Company effectively monitors the use of these derivative financial instruments through the use of objective measurement systems, well-defined market and credit risk limits and timely reports to senior management according to prescribed guidelines.

Interest Rate Management

Management of the Company has developed and implemented a policy to maintain the percentage of fixed and variable rate debt within certain parameters. The Company enters into interest rate swap agreements which maintain the fixed/variable mix within these defined parameters. In these swaps, the Company agrees to exchange, at specified intervals, the difference between fixed and variable interest amounts calculated by reference to an agreed-upon notional principal amount. These contracts had maturities ranging from 1 to 10 years at December 31, 1994. Variable rates are predominately linked to the LIBOR (London Interbank Offered Rate). Any differences paid or received on interest rate swap agreements are recognized as adjustments to interest expense over the life of each swap, thereby adjusting the effective interest rate on the underlying obligation.

Additionally, the Company enters into interest rate cap agreements that entitle the Company to receive from a financial institution the amount, if any, by which the Company's interest payments on its variable rate debt exceed pre-specified interest rates through 1997. Premiums paid for interest rate cap agreements are included in prepaid expenses and other assets and are amortized to interest expense over the terms of the respective agreements. Payments received pursuant to the interest rate cap agreements, if any, are recognized as an adjustment of the interest expense on the underlying debt instruments.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Foreign Currency Management

The purpose of the Company's foreign currency hedging activities is to reduce the risk that the eventual dollar net cash inflows resulting from sales to foreign customers will be adversely affected by changes in exchange rates.

The Company enters into forward exchange contracts and purchases currency options to hedge certain firm sale commitments denominated in foreign currencies (principally European currencies and Japanese yen). The Company also purchases currency options to hedge certain anticipated but not yet firmly committed sales, as well as anticipated foreign currency remittances from certain international operations above contractual minimums. These are expected to be denominated primarily in European currencies and Japanese yen. Premiums paid as well as net deferred realized gains and losses are included in prepaid expenses and other assets and are recognized in income, along with unrealized gains and losses, in the same period as the hedged transaction. Approximately \$10 million and \$9 million of net losses realized on settled contracts entered into as hedges of firmly committed transactions which have not yet occurred were deferred at December 31, 1994 and 1993, respectively. Net deferred gains/losses from hedging anticipated but not yet firmly committed transactions were not material at December 31, 1994 or 1993.

Gains and losses on derivative financial instruments that are designated and effective as hedges of net investments in international operations are included in share-owners' equity as a foreign currency translation adjustment.

The estimated fair values of derivatives used to hedge or modify the Company's risks will fluctuate over time. These fair value amounts should not be viewed in isolation, but rather in relation to the fair values of the underlying hedged transactions and investments and the overall reduction in the Company's exposure to adverse fluctuations in interest and foreign exchange rates.

The notional amounts of the derivative financial instruments do not necessarily represent amounts exchanged by the parties and, therefore, are not a direct measure of the exposure of the Company through its use of derivatives. The amounts exchanged are calculated on the basis of the notional amounts and the other terms of the derivatives, which relate to interest rates, exchange rates or other financial indices.

The following table presents the aggregate notional principal amounts, carrying values, fair values and maturities of the Company's derivative financial instruments outstanding at December 31, 1994 and 1993 (in millions):

December 31,	Notional Principal Amounts	Carrying Values	Fair Values	Maturity
1994				
Interest rate management				
Swap agreements				
Assets	\$ 626	\$ 3	\$ (30)	1995-2003
Liabilities	225	(1)	1	1995-2005
Interest rate caps				
Assets	400	3	5	1995-1997
Foreign currency management				
Forward contracts				
Assets	1,887	24	33	1995-1996
Liabilities	666	(10)	(9)	1995
Swap agreements				
Assets	399	23	22	1995-2000
Liabilities	2,104	(44)	(356)	1995-2002
Purchased options				
Assets	3,485	66	41	1995-1996
	\$ 9,792	\$ 64	\$ (293)	
1993				
Interest rate management				
Swap agreements				
Assets	\$ 28	\$ —	\$ 3	1995
Liabilities	345	(7)	(4)	1995-2003
Foreign currency management				
Forward contracts				
Assets	436	11	11	1994
Liabilities	590	(9)	(9)	1994-1996
Swap agreements				
Assets	848	14	14	1994-1998
Liabilities	1,147	—	(182)	1994-2002
Purchased options				
Assets	1,252	22	25	1994-1996
	\$ 4,646	\$ 31	\$ (142)	

Virtually all of the Company's derivatives are "over-the-counter" instruments.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Maturities of derivative financial instruments held at December 31, 1994, are as follows (in millions):

1995	1996	1997	1998 through 2005
\$ 6,441	\$ 1,100	\$ 990	\$ 1,261

The Company has established strict counterparty credit guidelines and only enters into transactions with financial institutions of investment grade or better. Counterparty exposures are monitored daily and any downgrade in credit rating receives immediate review. If a downgrade in the credit rating of a counterparty were to occur, the Company has provisions to require collateral in the form of U.S. government securities for transactions with maturities in excess of three years. To mitigate pre-settlement risk, minimum credit standards become more stringent as the duration of the derivative financial instrument increases. To minimize the concentration of credit risk, the Company enters into derivative transactions with a portfolio of financial institutions. As a result, the Company considers the risk of counterparty default to be minimal.

11. Commitments and Contingencies

At December 31, 1994, the Company was contingently liable for guarantees of indebtedness owed by third parties of \$170 million, of which \$44 million is related to independent bottling licensees.

At December 31, 1994, the Company, through its finance subsidiary, has committed to provide \$100 million in the form of subordinated loans to an equity investee bottler to fund certain transactions over the next five years.

The Mitsubishi Bank Limited has provided a yen denominated guarantee for the equivalent of \$261 million in support of a suspension of enforcement of a tax assessment levied by the Japanese tax authorities. The Company has agreed to indemnify Mitsubishi if amounts are paid pursuant to the guarantee. This matter is being reviewed by the tax authorities of the United States and Japan under the tax treaty signed by the two nations to prevent double taxation. Any additional tax payable to Japan should be offset by tax credits in the United States and would not adversely affect earnings.

In the opinion of management, it is not probable that the Company will be required to satisfy these guarantees or indemnification agreements. The fair value of these contingent liabilities is immaterial to the Company's consolidated financial statements.

It is also the opinion of management that the Company's exposure to concentrations of credit risk is limited, due to the diverse geographic areas covered by the Company's operations.

12. Restricted Stock, Stock Options and Other Stock Plans

The Company sponsors restricted stock award plans, stock option plans, Incentive Unit Agreements and Performance Unit Agreements.

Under the amended 1989 Restricted Stock Award Plan and the amended 1983 Restricted Stock Award Plan (the Restricted Stock Plans), 20 million and 12 million shares of restricted common stock, respectively, may be granted to certain officers and key employees of the Company.

At December 31, 1994, 17 million shares were available for grant under the Restricted Stock Plans. Participants are entitled to vote and receive dividends on the shares, and under the 1983 Restricted Stock Award Plan, participants are reimbursed by the Company for income taxes imposed on the award, but not for taxes generated by the reimbursement payment. The shares are subject to certain transfer restrictions and may be forfeited if a participant leaves the Company for reasons other than retirement, disability or death, absent a change in control of the Company. On July 18, 1991, the Restricted Stock Plans were amended to specify age 62 as the minimum retirement age. The 1983 Restricted Stock Award Plan was further amended to conform to the terms of the 1989 Restricted Stock Award Plan by requiring a minimum of five years of service between the date of the award and retirement. The amendments affect shares granted after July 18, 1991.

Under the Company's 1991 Stock Option Plan (the Option Plan), a maximum of 60 million shares of the Company's common stock may be issued or transferred to certain officers and employees pursuant to stock options and stock appreciation rights granted under the Option Plan. The stock appreciation rights permit the holder, upon surrendering all or part of the related stock option, to receive cash, common stock or a combination thereof, in an amount up to 100 percent of the difference between the market price and the option price. No stock appreciation rights have been granted since 1990, and the Company presently does not intend to grant additional stock appreciation rights in the future. Options outstanding at December 31, 1994, also include various options granted under previous plans.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Further information relating to options is as follows (in millions, except per share amounts):

	1994	1993	1992
Outstanding at January 1,	30	31	36
Granted	7	6	4
Exercised	(4)	(7)	(9)
Outstanding at December 31,	33	30	31
Exercisable at December 31,	22	22	23
Shares available at December 31, for options that may be granted	38	45	51
Prices per share			
Exercised	\$5-\$44	\$4-\$41	\$4-\$28
Unexercised at December 31,	\$6-\$51	\$5-\$44	\$4-\$41

In 1988, the Company entered into Incentive Unit Agreements whereby, subject to certain conditions, certain officers were given the right to receive cash awards based on the market value of 1.2 million shares of the Company's common stock at the measurement dates. Under the Incentive Unit Agreements, the employee is reimbursed by the Company for income taxes imposed when the value of the units is paid, but not for taxes generated by the reimbursement payment. In 1993, 400,000 units were paid, leaving 800,000 units outstanding at December 31, 1993. No units were paid in 1994, leaving the number of units outstanding unchanged at December 31, 1994.

In 1985, the Company entered into Performance Unit Agreements, whereby certain officers were given the right to receive cash awards based on the difference in the market value of approximately 2.2 million shares of the Company's common stock at the measurement dates and the base price of \$5.16, the market value as of January 2, 1985. In 1993, 780,000 units were paid, leaving approximately 1.4 million units outstanding at December 31, 1993. No units were paid in 1994, leaving the number of units outstanding unchanged at December 31, 1994.

13. Pension Benefits

The Company sponsors and/or contributes to pension plans covering substantially all U.S. employees and certain employees in international locations. The benefits are primarily based on years of service and the employees' compensation for certain periods during the last years of employment. Pension costs are generally funded currently, subject to regulatory funding limitations. The Company also sponsors nonqualified, unfunded defined benefit plans for certain officers and other employees. In addition, the Company and its subsidiaries have various pension plans and other forms of postretirement arrangements outside the United States.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Total pension expense for all benefit plans, including defined benefit plans, amounted to approximately \$73 million in 1994, \$57 million in 1993 and \$49 million in 1992. Net periodic pension cost for the Company's defined benefit plans consists of the following (in millions):

Year Ended December 31,	U.S. Plans			International Plans		
	1994	1993	1992	1994	1993	1992
Service cost-benefits earned during the period	\$ 22	\$ 17	\$ 15	\$ 24	\$ 17	\$ 18
Interest cost on projected benefit obligation	53	53	50	25	22	20
Actual return on plan assets	(4)	(77)	(36)	(21)	(27)	(19)
Net amortization and deferral	(44)	31	(9)	5	13	3
Net periodic pension cost	\$ 27	\$ 24	\$ 20	\$ 33	\$ 25	\$ 22

For certain U.S. plans, the Company has authorized a cost of living adjustment for retirees effective April 1, 1995. The funded status of the plans at December 31, 1994, reflects this adjustment. The funded status for the Company's defined benefit plans is as follows (in millions):

December 31,	U.S. Plans				International Plans			
	Assets Exceed Accumulated Benefits		Accumulated Benefits Exceed Assets		Assets Exceed Accumulated Benefits		Accumulated Benefits Exceed Assets	
	1994	1993	1994	1993	1994	1993	1994	1993
Actuarial present value of benefit obligations								
Vested benefit obligation	\$ 479	\$ 481	\$ 101	\$ 109	\$ 156	\$ 139	\$ 147	\$ 110
Accumulated benefit obligation	\$ 521	\$ 523	\$ 104	\$ 111	\$ 157	\$ 151	\$ 175	\$ 126
Projected benefit obligation	\$ 599	\$ 598	\$ 125	\$ 133	\$ 199	\$ 196	\$ 237	\$ 177
Plan assets at fair value ¹	597	631	2	2	235	200	110	94
Plan assets in excess of (less than) projected benefit obligation	(2)	33	(123) ²	(131) ²	36	4	(127)	(83)
Unrecognized net (asset) liability at transition	(30)	(34)	15	17	(18)	(16)	36	34
Unrecognized prior service cost	37	8	15	15	4	—	13	9
Unrecognized net (gain) loss	(30)	(24)	18	36	(1)	28	16	(3)
Adjustment required to recognize minimum liability	—	—	(28)	(46)	—	—	(9)	(7)
Accrued pension asset (liability) included in the consolidated balance sheet	\$ (25)	\$ (17)	\$ (103)	\$ (109)	\$ 21	\$ 16	\$ (71)	\$ (50)

¹Primarily listed stocks, bonds and government securities.

²Substantially all of this amount relates to nonqualified, unfunded defined benefit plans.

The assumptions used in computing the preceding information are as follows:

Year Ended December 31,	U.S. Plans			International Plans (weighted average rates)		
	1994	1993	1992	1994	1993	1992
Discount rates	8¼%	7¼%	8½%	6%	6½%	7%
Rates of increase in compensation levels	5¼%	4¼%	6%	4½%	5%	5½%
Expected long-term rates of return on assets	9½%	9½%	9½%	6%	7%	7%

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

14. Other Postretirement Benefits

The Company has plans providing postretirement health care and life insurance benefits to substantially all U.S. employees and certain employees in international locations who retire with a minimum of five years of service. The Company adopted SFAS 106 for all U.S. and international plans as of January 1, 1992. In 1992, the Company recorded an accumulated obligation for consolidated operations of \$146 million, which is net of \$92 million in deferred tax benefits. The Company also recorded an additional charge of \$73 million, net of \$13 million of deferred tax benefits, representing the Company's proportionate share of accumulated postretirement benefit obligations recognized by bottling investees accounted for by the equity method.

Net periodic cost for the Company's postretirement health care and life insurance benefits consists of the following (in millions):

Year Ended December 31,	1994	1993	1992
Service cost	\$ 12	\$ 10	\$ 9
Interest cost	21	21	20
Other	(1)	(1)	—
	\$ 32	\$ 30	\$ 29

The Company contributes to a Voluntary Employees' Beneficiary Association trust that will be used to partially fund health care benefits for future retirees. The Company is funding benefits to the extent contributions are tax-deductible, which under current legislation is limited. In general, retiree health benefits are paid as covered expenses are incurred. The funded status for the Company's postretirement health care and life insurance plans is as follows (in millions):

December 31,	1994	1993
Accumulated postretirement benefit obligations:		
Retirees	\$ 128	\$ 132
Fully eligible active plan participants	35	35
Other active plan participants	120	131
Total benefit obligation	283	298
Plan assets at fair value ¹	41	42
Plan assets less than benefit obligation	(242)	(256)
Unrecognized prior service cost	(3)	—
Unrecognized net (gain) loss	(7)	23
Accrued postretirement benefit liability included in the consolidated balance sheet	\$ (252)	\$ (233)

¹ Consists of corporate bonds, government securities and short-term investments.

The assumptions used in computing the preceding information are as follows:

Year Ended December 31,	1994	1993	1992
Discount rate	8¼%	7¼%	8½%
Rate of increase in compensation levels	5¼%	4¼%	6%

The rate of increase in the per capita costs of covered health care benefits is assumed to be 10½ percent in 1995, decreasing gradually to 5¾ percent by the year 2005. Increasing the assumed health care cost trend rate by 1 percentage point would increase the accumulated postretirement benefit obligation as of December 31, 1994, by approximately \$32 million and increase net periodic postretirement benefit cost by approximately \$5 million in 1994.

15. Income Taxes

Income before income taxes and changes in accounting principles consists of the following (in millions):

Year Ended December 31,	1994	1993	1992
United States	\$ 1,214	\$ 1,035	\$ 762
International	2,514	2,150	1,984
	\$ 3,728	\$ 3,185	\$ 2,746

Income tax expense (benefit) consists of the following (in millions):

Year Ended December 31,	United States	State & Local	International	Total
1994				
Current	\$ 299	\$ 38	\$ 779	\$ 1,116
Deferred	24	5	29	58
1993				
Current	\$ 356	\$ 34	\$ 669	\$ 1,059
Deferred ¹	(64)	5	(3)	(62)
1992				
Current	\$ 278	\$ 36	\$ 576	\$ 890
Deferred ¹	(60)	(1)	34	(27)

¹ Additional deferred tax benefits of \$8 million in 1993 and \$105 million in 1992 have been included in the SFAS 112 and SFAS 106 transition effect charges, respectively.

The Company made income tax payments of approximately \$785 million, \$650 million and \$856 million in 1994, 1993 and 1992, respectively.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

A reconciliation of the statutory U.S. federal rate and effective rates is as follows:

Year Ended December 31,	1994	1993	1992
Statutory U.S. federal rate	35.0%	35.0%	34.0%
State income taxes-net of federal benefit	1.0	1.0	1.0
Earnings in jurisdictions taxed at rates different from the statutory U.S. federal rate	(4.3)	(5.1)	(3.8)
Equity income	(1.1)	(1.7)	(1.0)
Other-net	.9	2.1	1.2
	31.5%	31.3%	31.4%

The Company's effective tax rate reflects the favorable U.S. tax treatment from manufacturing facilities in Puerto Rico that operate under a negotiated exemption grant that expires December 31, 2009. Changes to U.S. tax law enacted in 1993 limited the utilization of the favorable tax treatment from operations in Puerto Rico in 1994. The Company's effective tax rate also reflects the tax benefit derived from having significant operations outside the United States, which are taxed at rates lower than the U.S. statutory rate of 35 percent. As a result of changes in U.S. tax law, the Company was required to record charges for additional taxes and tax-related expenses that reduced net income by approximately \$51 million in 1993.

Appropriate U.S. and international taxes have been provided for earnings of subsidiary companies that are expected to be remitted to the parent company. Exclusive of amounts that would result in little or no tax if remitted, the cumulative amount of unremitted earnings from international subsidiaries that are expected to be indefinitely reinvested is approximately \$328 million at December 31, 1994. The taxes that would be paid upon remittance of these earnings are approximately \$115 million.

The tax effects of temporary differences and carryforwards that give rise to significant portions of deferred tax assets and liabilities consist of the following (in millions):

December 31,	1994	1993
Deferred tax assets:		
Benefit plans	\$ 324	\$ 298
Liabilities and reserves	169	177
Net operating loss carryforwards	108	141
Other	128	120
Gross deferred tax assets	729	736
Valuation allowance	(46)	(75)
	\$ 683	\$ 661
Deferred tax liabilities:		
Property, plant and equipment	\$ 362	\$ 342
Equity investments	188	180
Intangible assets	34	52
Other	72	61
	\$ 656	\$ 635
Net deferred tax asset ¹	\$ 27	\$ 26

¹Deferred tax assets of \$207 and \$139 million have been included in the consolidated balance sheet caption "marketable securities and other assets" at December 31, 1994 and 1993, respectively.

At December 31, 1994, the Company had \$387 million of operating loss carryforwards available to reduce future taxable income of certain international subsidiaries. Loss carryforwards of \$187 million must be utilized within the next five years, and \$200 million can be utilized over an indefinite period. A valuation allowance has been provided for a portion of the deferred tax assets related to these loss carryforwards.

16. Net Change in Operating Assets and Liabilities

The changes in operating assets and liabilities, net of effects of acquisitions and divestitures of businesses and unrealized exchange gains/losses, are as follows (in millions):

Year Ended December 31,	1994	1993	1992
Increase in trade accounts receivable	\$ (169)	\$ (151)	\$ (147)
(Increase) decrease in inventories	43	(41)	(138)
Increase in prepaid expenses and other assets	(273)	(76)	(112)
Increase (decrease) in accounts payable and accrued expenses	197	(44)	405
Increase in accrued taxes	200	355	57
Increase (decrease) in other liabilities	131	11	(108)
	\$ 129	\$ 54	\$ (43)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

17. Acquisitions and Investments

During 1994, the Company's acquisition and investment activity, which included investments in bottling operations, totaled \$311 million. During 1993 and 1992, the Company's acquisition and investment activity totaled \$611 and \$388 million, respectively.

These acquisitions have been accounted for by the purchase method of accounting, and accordingly, their results have been included in the consolidated financial statements from their respective dates of acquisition. Had the results of these businesses been included in operations commencing with 1992, the reported results would not have been materially affected.

During 1994, the Company invested approximately \$120 million in a joint venture known as the Coca-Cola Bottling Companies of Egypt. This joint venture was formed following the privatization of the Egyptian public sector bottler. In 1993, the Company acquired a 30 percent interest in Coca-Cola FEMSA, which operates bottling facilities in Mexico and Argentina, for \$195 million. None of the acquisitions in 1992 were individually significant.

18. Nonrecurring Items

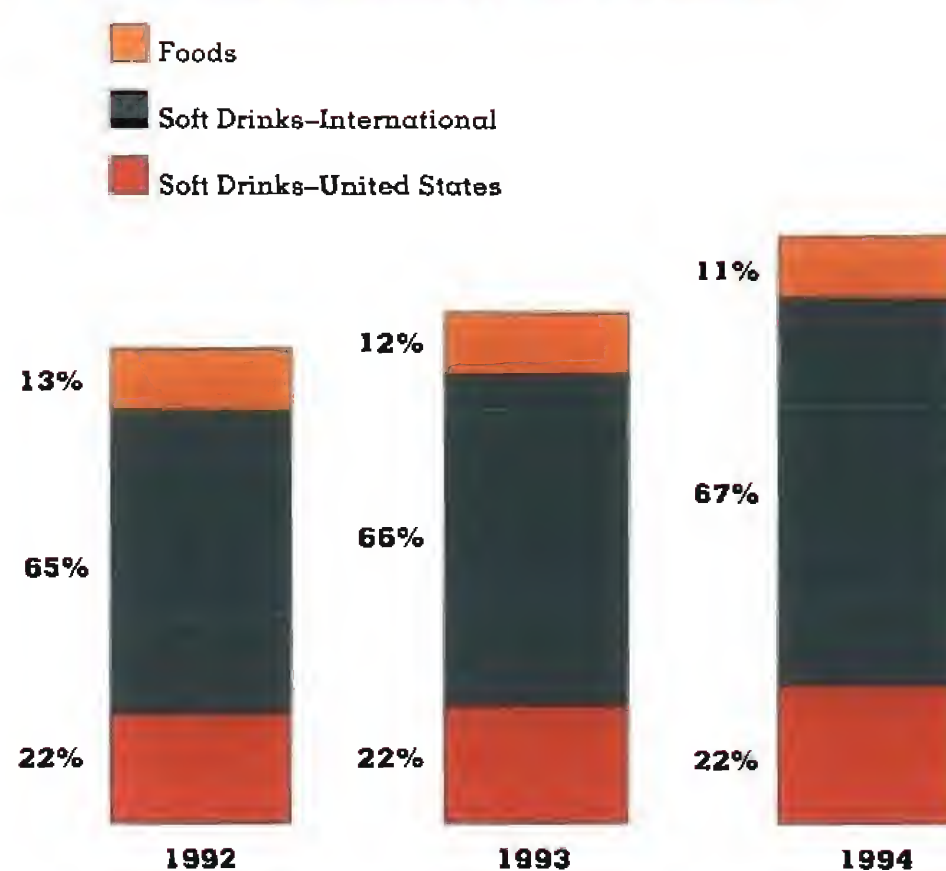
Upon a favorable court decision in 1993, the Company reversed previously recorded reserves for bottler litigation, resulting in a \$13 million reduction to selling, administrative and general expenses and a \$10 million reduction to interest expense. Selling, administrative and general expenses for 1993 also include provisions of \$63 million to increase efficiencies in European, domestic and corporate operations. Also in 1993, equity income was reduced by \$42 million related to restructuring charges recorded by Coca-Cola Beverages Ltd. Other income (deductions)-net included a \$50 million pretax gain recorded by the foods business sector upon the sale of citrus groves in the United States, and a \$34 million pretax gain recognized on the sale of property no longer required as a result of a consolidation of manufacturing operations in Japan.

19. Subsequent Events

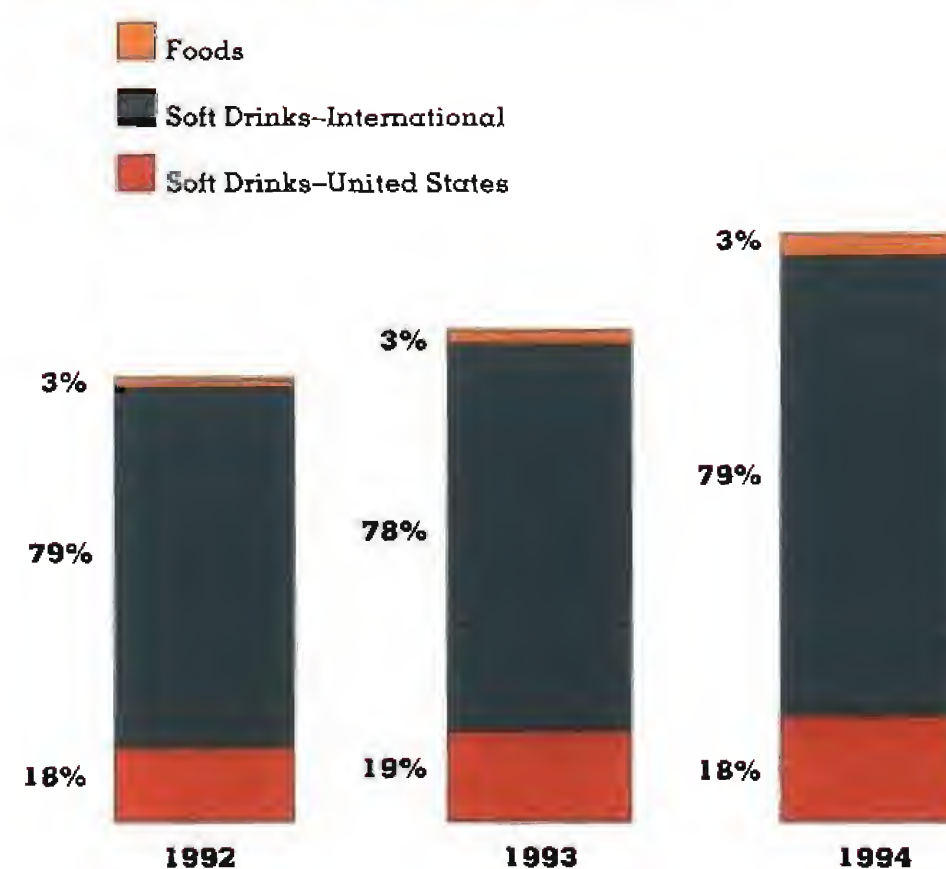
In early 1995, the Company sold 100 percent of the capital stock of Coca-Cola Poland Ltd. and Coca-Cola West Poland Ltd. to Coca-Cola Amatil for total consideration of approximately \$238 million, subject to certain contingent adjustments.

In early 1995, the Company reduced its voting and economic ownership in Coca-Cola Amatil to approximately 49 percent, consistent with its stated intention of ending temporary control.

Net Operating Revenues by Line of Business



Operating Income by Line of Business



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

20. Lines of Business

The Company operates in two major lines of business: soft drinks and foods (principally juice and juice-drink products). Information concerning operations in these businesses is as follows (in millions):

	Soft Drinks		Foods	Corporate	Consolidated
	United States	International			
1994					
Net operating revenues	\$ 3,506	\$ 10,906	\$ 1,728	\$ 32	\$ 16,172
Operating income	761	3,261	123	(437)	3,708
Identifiable operating assets	2,301	6,875	731	1,456 ¹	11,363
Equity income				134	134
Investments (principally bottling companies)				2,510	2,510
Capital expenditures	214	536	39	89	878
Depreciation and amortization	92	221	38	60	411
1993					
Net operating revenues	\$ 3,052	\$ 9,205	\$ 1,680	\$ 20	\$ 13,957
Operating income	680 ²	2,753 ²	117	(448) ²	3,102
Identifiable operating assets	1,956	5,809	761	1,280 ¹	9,806
Equity income				91 ²	91
Investments (principally bottling companies)				2,215	2,215
Capital expenditures	136	557	30	77	800
Depreciation and amortization	91	172	38	59	360
1992					
Net operating revenues	\$ 2,813	\$ 8,551	\$ 1,675	\$ 35	\$ 13,074
Operating income	560	2,521	112	(423)	2,770
Identifiable operating assets	1,812	5,251	791	1,035 ¹	8,889
Equity income				65	65
Investments (principally bottling companies)				2,163	2,163
Capital expenditures	169	736	38	140	1,083
Depreciation and amortization	87	157	35	43	322

Intercompany transfers between sectors are not material.

Certain prior year amounts related to net operating revenues and operating income have been reclassified to conform to the current year presentation.

¹Corporate identifiable operating assets are composed principally of marketable securities, finance subsidiary receivables and fixed assets.

²Operating income for soft drink operations in the United States, International operations and Corporate was reduced by \$13 million,

\$33 million and \$17 million, respectively, for provisions to increase efficiencies. Equity income was reduced by \$42 million related to restructuring charges recorded by Coca-Cola Beverages Ltd.

Compound Growth Rates Ending 1994	Soft Drinks		Foods	Consolidated
	United States	International		
Net operating revenues				
5 years	10%	18%	2%	13%
10 years	8%	16%	3%	12%
Operating income				
5 years	14%	17%	7%	17%
10 years	12%	19%	0%	16%

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

21. Operations in Geographic Areas

Information about the Company's operations by geographic area is as follows (in millions):

	United States	Africa	European Community	Latin America	Northeast Europe/ Middle East	Pacific & Canada	Corporate	Consolidated
1994								
Net operating revenues	\$ 5,092	\$ 522	\$ 4,255	\$ 1,928	\$ 880	\$ 3,463	\$ 32	\$ 16,172
Operating income	869	182	984	713	184	1,213	(437)	3,708
Identifiable operating assets	2,991	357	3,295	1,164	771	1,329	1,456 ¹	11,363
Equity income							134	134
Investments (principally bottling companies)							2,510	2,510
Capital expenditures	252	27	201	129	149	31	89	878
Depreciation and amortization	128	6	130	36	32	19	60	411
1993								
Net operating revenues	\$ 4,586	\$ 255	\$ 3,834	\$ 1,683	\$ 677	\$ 2,902	\$ 20	\$ 13,957
Operating income	782 ²	152	872 ²	582	152	1,010	(448) ²	3,102
Identifiable operating assets	2,682	153	2,777	1,220	604	1,090	1,280 ¹	9,806
Equity income							91 ²	91
Investments (principally bottling companies)							2,215	2,215
Capital expenditures	165	6	239	141	129	43	77	800
Depreciation and amortization	127	3	99	33	22	17	59	360
1992								
Net operating revenues	\$ 4,339	\$ 242	\$ 3,994	\$ 1,383	\$ 546	\$ 2,545	\$ 35	\$ 13,074
Operating income	658	129	889	502	108	907	(423)	2,770
Identifiable operating assets	2,563	139	2,587	1,185	435	945	1,035 ¹	8,889
Equity income							65	65
Investments (principally bottling companies)							2,163	2,163
Capital expenditures	204	12	386	188	120	33	140	1,083
Depreciation and amortization	121	3	99	27	14	15	43	322

Intercompany transfers between geographic areas are not material.

Certain prior year amounts related to operating income have been reclassified to conform to the current year presentation.

Identifiable liabilities of operations outside the United States amounted to approximately \$2.5 billion at December 31, 1994, and \$1.9 billion at December 31, 1993 and 1992.

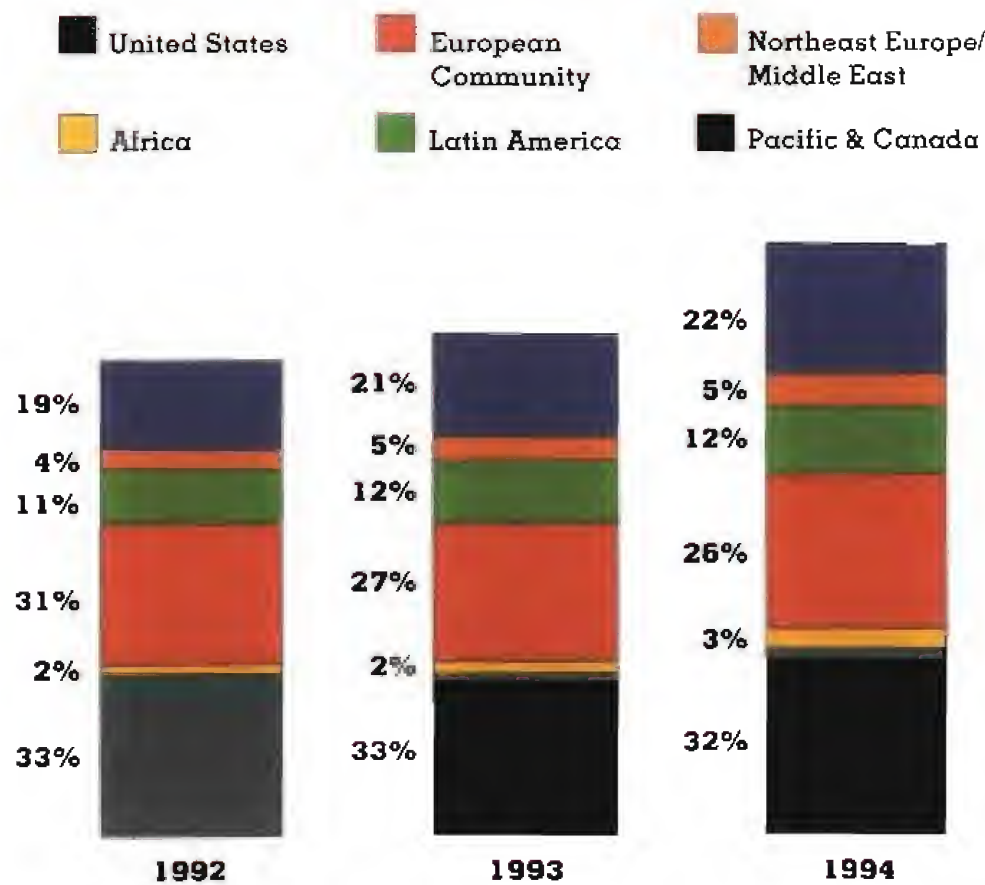
¹Corporate identifiable operating assets are composed principally of marketable securities, finance subsidiary receivables and fixed assets.

²Operating income for the United States, European Community and Corporate was reduced by \$13 million, \$33 million and \$17 million, respectively, for provisions to increase efficiencies. Equity income was reduced by \$42 million related to restructuring charges recorded by Coca-Cola Beverages Ltd.

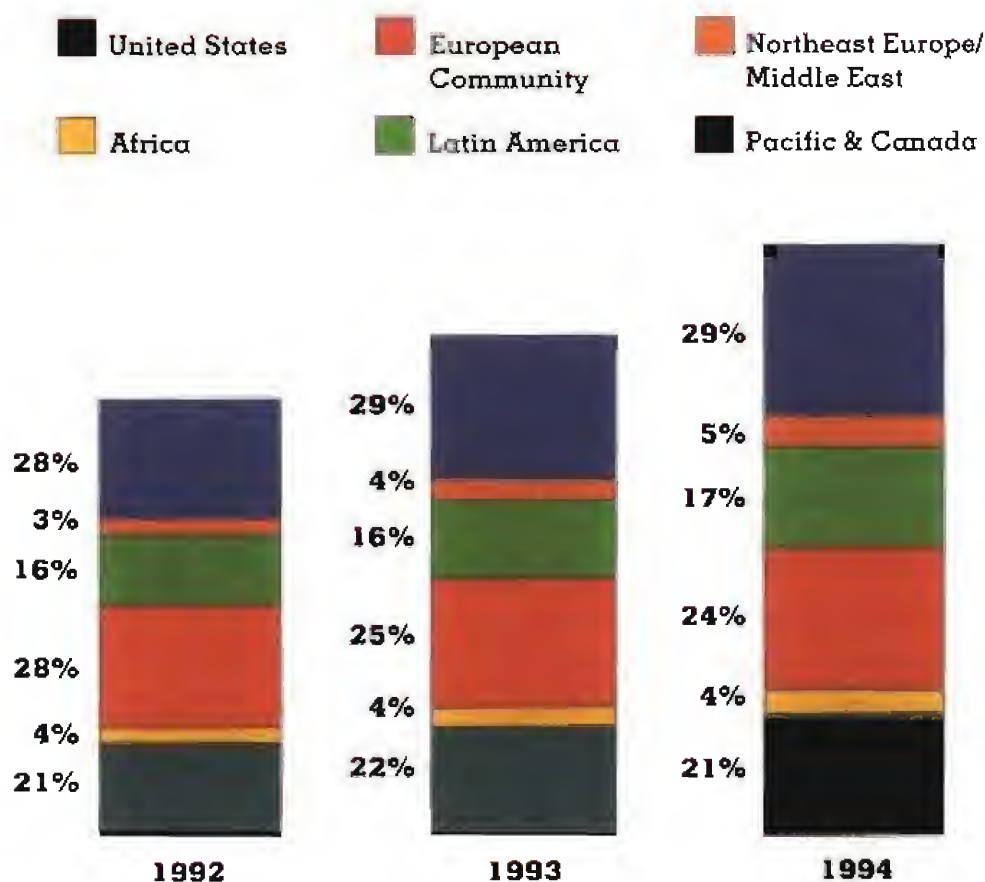
Compounded Growth Rates Ending 1994	United States	Africa	European Community	Latin America	Northeast Europe/ Middle East	Pacific & Canada	Consolidated
Net operating revenues							
5 years	7%	27%	18%	24%	27%	12%	13%
10 years	6%	6%	18%	16%	24%	14%	12%
Operating income							
5 years	13%	16%	13%	26%	23%	15%	17%
10 years	9%	7%	20%	23%	21%	19%	16%

REPORT OF INDEPENDENT AUDITORS

Net Operating Revenue by Geographic Area



Operating Income by Geographic Area

Board of Directors and Share Owners
The Coca-Cola Company

We have audited the accompanying consolidated balance sheets of The Coca-Cola Company and subsidiaries as of December 31, 1994 and 1993, and the related consolidated statements of income, share-owners' equity and cash flows for each of the three years in the period ended December 31, 1994. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of The Coca-Cola Company and subsidiaries at December 31, 1994 and 1993, and the consolidated results of their operations and their cash flows for each of the three years in the period ended December 31, 1994, in conformity with generally accepted accounting principles.

As discussed in Note 1 to the consolidated financial statements, in 1993 the Company changed its method of accounting for postemployment benefits.

Ernst + Young LLP

Atlanta, Georgia
January 24, 1995

REPORT OF MANAGEMENT

Management is responsible for the preparation and integrity of the consolidated financial statements appearing in this Annual Report. The financial statements were prepared in conformity with generally accepted accounting principles appropriate in the circumstances and, accordingly, include certain amounts based on management's best judgments and estimates. Financial information in this Annual Report is consistent with that in the financial statements.

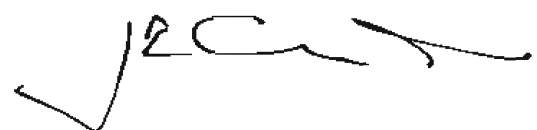
Management is responsible for maintaining a system of internal accounting controls and procedures to provide reasonable assurance, at an appropriate cost/benefit relationship, that assets are safeguarded and that transactions are authorized, recorded and reported properly. The internal accounting control system is augmented by a program of internal audits and appropriate reviews by management, written policies and guidelines, careful selection and training of qualified personnel and a written Code of Business Conduct adopted by the Board of Directors, applicable to all employees of the Company and its subsidiaries. Management believes that the Company's internal accounting controls provide reasonable assurance that assets are safeguarded against material loss from unauthorized use or disposition and that the financial records are reliable for preparing financial statements and other data and for maintaining accountability of assets.

The Audit Committee of the Board of Directors, composed solely of Directors who are not officers of the Company, meets with the independent auditors, management and internal auditors periodically to discuss internal accounting controls and auditing and financial reporting matters. The Committee reviews with the independent auditors the scope and results of the audit effort. The Committee also meets with the independent auditors and the chief internal auditor without management present to ensure that the independent auditors and the chief internal auditor have free access to the Committee.

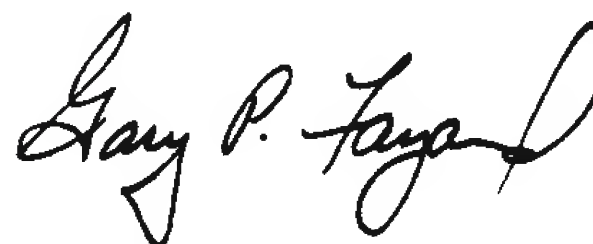
The independent auditors, Ernst & Young LLP, are recommended by the Audit Committee of the Board of Directors, selected by the Board of Directors and ratified by the share owners. Ernst & Young LLP is engaged to audit the consolidated financial statements of The Coca-Cola Company and subsidiaries and conduct such tests and related procedures as it deems necessary in conformity with generally accepted auditing standards. The opinion of the independent auditors, based upon their audits of the consolidated financial statements, is contained in this Annual Report.



Roberto C. Goizueta
Chairman, Board of Directors,
and Chief Executive Officer



James E. Chestnut
Senior Vice President
and Chief Financial Officer



Gary P. Fayard
Vice President
and Controller

January 24, 1995

QUARTERLY DATA (UNAUDITED)

(In millions except per share data)

Year Ended December 31,	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Full Year
1994					
Net operating revenues	\$ 3,352	\$ 4,342	\$ 4,461	\$ 4,017	\$ 16,172
Gross profit	2,110	2,675	2,701	2,519	10,005
Net income	521	758	708	567	2,554
Net income per share	.40	.59	.55	.44	1.98
1993¹					
Net operating revenues	\$ 3,056	\$ 3,899	\$ 3,629	\$ 3,373	\$ 13,957
Gross profit	1,963	2,435	2,286	2,113	8,797
Income before change in accounting principle	454	678	590	466	2,188
Net income	442	678	590	466	2,176
Income per share before change in accounting principle	.35	.52	.45	.36	1.68
Net income per share	.34	.52	.45	.36	1.67

¹The first quarter of 1993 included an after-tax transition charge of \$12 million (\$.01 per share) related to the change in accounting for postemployment benefits. The third quarter of 1993 included an after-tax impact of \$47 million due to changes in U.S. tax law which reduced full year after-tax income by \$51 million (\$.04 per share) and the reversal of previously recorded reserves for bottler litigation of \$23 million (\$.01 per share after income taxes). The fourth quarter of 1993 included provisions to increase efficiencies of \$63 million (\$.03 per share after income taxes), a reduction of \$42 million (\$.02 per share after income taxes) related to restructuring charges recorded by an equity investee, a gain from the sale of real estate in Japan (\$34 million, or \$.02 per share after income taxes), a gain from the sale of citrus groves in the United States (\$50 million, or \$.02 per share after income taxes) and a gain recognized on the issuance of stock by an equity investee of \$12 million (\$.01 per share after income taxes).

Stock Prices

Below are the New York Stock Exchange high, low and closing prices of The Coca-Cola Company's stock for each quarter of 1994 and 1993.

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
1994				
High	\$ 44.75	\$ 42.38	\$ 50.00	\$ 53.50
Low	40.13	38.88	41.00	48.00
Close	40.63	40.63	48.63	51.50
1993				
High	\$ 44.13	\$ 43.63	\$ 44.75	\$ 45.13
Low	40.00	37.50	41.75	40.00
Close	42.63	43.00	42.25	44.63

MANAGEMENT

CORPORATE OFFICERS

Roberto C. Goizueta ¹ Chairman, Board of Directors, and Chief Executive Officer	Douglas N. Daft ¹ M.A. Gianturco John J. Gillin Joseph R. Gladden, Jr. ¹ George Gourlay ¹ E. Neville Isdell ¹ Weldon H. Johnson ¹ Earl T. Leonard, Jr. ¹ Alex Malaspina Jack L. Stahl ¹ Carl Ware ¹ Sergio S. Zyman ¹	Carlton L. Curtis William J. Davis Randal W. Donaldson Gary P. Fayard ¹ Charles B. Fruit C. Patrick Garner Robert D. Guy Timothy J. Haas ¹ Juan D. Johnson Ingrid S. Jones William R. Newton Janmarie C. Prutting Connell Stafford, Jr. Hugh K. Switzer David M. Taggart Michael W. Walters	James E. Chestnut Chief Financial Officer Joseph R. Gladden, Jr. General Counsel David M. Taggart Treasurer Gary P. Fayard Controller Susan E. Shaw Secretary
M. Douglas Ivester¹ President and Chief Operating Officer			
Executive Vice President John Hunter ¹ Principal Operating Officer/International			
Senior Vice Presidents Anton Amon ¹ James E. Chestnut ¹ Ralph H. Cooper ¹	Vice Presidents Carolyn H. Baldwin William R. Buehler Robert L. Callahan, Jr. Lawrence R. Cowart		¹ Officers subject to the reporting requirements of Section 16 of the Securities Exchange Act of 1934.

OPERATING OFFICERS

John Hunter President International Business Sector		E. Neville Isdell President Greater Europe Group	Jack L. Stahl President North America Business Sector
Middle and Far East Group Douglas N. Daft President A.R.C. Allan Middle East Division Andrew P. Angle Southeast and West Asia Division P. Michael Bascle South Pacific Division John M. Farrell China Division Michael W. Hall North Pacific Division T. Burke McKinney Philippines Division	Latin America Group Weldon H. Johnson President Alvaro Canal Brazil Division Glenn G. Jordan River Plate Division Heinz H. Huebner Central America and Caribbean Division Luiz Lobao North Latin America Division John K. Walter Andean Division	Greater Europe Group Tore Kr. Bu Nordic and Northern Eurasia Division Gavin J. Darby Northwest European Division John K. Sheppard East Central European Division José J. Nuñez-Cervera Iberian Division John Sechi Central Mediterranean Division Patrick C. Smyth German Division Heinz Wjezorek Chairman Coca-Cola G.m.b.H.	North America Business Sector Charles S. Frenette Executive Vice President and General Manager Coca-Cola Operations David L. Kennedy, Jr. Senior Vice President and General Manager Coca-Cola Fountain Anthony G. Eames President Coca-Cola Ltd., Canada Timothy J. Haas President and Chief Executive Officer Coca-Cola Foods Ralph H. Cooper Executive Vice President and Chief Operating Officer
Africa Group Carl Ware President Stuart A. Eastwood Northern Africa Division Victor K. Loble Southern Africa Division			

BOARD OF DIRECTORS



Seated, front row, left to right: Herbert A. Allen, Roberto C. Goizueta, M. Douglas Ivester. Seated, second row, left to right: Charles W. Duncan, Jr., Cathleen P. Black, The Bear, Warren E. Buffett. Standing, left to right: Donald F. McHenry, Paul F. Orefice, James D. Robinson, III, James B. Williams, Peter V. Ueberroth, Ronald W. Allen, William B. Turner, Susan B. King.

Herbert A. Allen^{2, 3, 4}

President and
Chief Executive Officer
The investment banking firm
Allen & Company Incorporated

Ronald W. Allen^{3, 5}

Chairman of the Board,
President and
Chief Executive Officer
Delta Air Lines, Inc.

Cathleen P. Black⁶

President and
Chief Executive Officer
Newspaper Association
of America

Warren E. Buffett^{1, 2}

Chairman of the Board and
Chief Executive Officer
The diversified holding company
Berkshire Hathaway Inc

Charles W. Duncan, Jr.^{1, 3}

Private Investor

Roberto C. Goizueta³

Chairman, Board of Directors, and
Chief Executive Officer
The Coca-Cola Company

M. Douglas Ivester³

President and
Chief Operating Officer
The Coca-Cola Company

Susan B. King^{4, 6}

Leader in Residence
Hart Leadership Program
Duke University
Former Senior Vice President—
Corporate Affairs
Corning Incorporated

Donald F. McHenry^{1, 5, 6}

University Research
Professor of Diplomacy
and International Affairs
Georgetown University

Paul F. Orefice^{2, 5}

Former Chairman of the Board
The Dow Chemical Company

James D. Robinson, III^{5, 6}

President
J.D. Robinson, Inc.
A strategic advisory company
Principal
RRE Investors, LLC
A private investment company

William B. Turner^{2, 3, 4}

Chairman, Executive Committee
of Board of Directors
The diversified company
W.C. Bradley Co.
Chairman, Executive Committee
of Board of Directors
Synovus Financial Corp.
Chairman of the Board
Columbus Bank & Trust Company

Peter V. Ueberroth^{1, 4}

Investor
Managing Director
The management company
The Contrarian Group, Inc.

James B. Williams^{2, 3}

Chairman and
Chief Executive Officer
SunTrust Banks, Inc.

¹Audit Committee

²Finance Committee

³Executive Committee

⁴Compensation Committee

⁵Committee on Directors

⁶Public Issues Review Committee

GLOSSARY

Bottling Partner or Bottler: Businesses—generally, but not always, independently owned—that buy concentrates or syrups from the Company, convert them into finished products and then sell to customers.

Carbonated Soft Drink: Non-alcoholic beverage containing carbon dioxide and, usually, flavorings and sweeteners.

The Coca-Cola System: The Company and its bottling partners.

Concentrate: Material manufactured from Company-defined ingredients and sold to bottlers for use in the preparation of finished beverage through the addition of sweetener and/or carbonated water.

Consolidated Bottling Operation (CBO): Bottler in which The Coca-Cola Company holds controlling ownership. The bottler's financial results are consolidated into the Company's financial statements.

Consumer: Person who consumes Company products.

Cost Of Capital: Blended cost of equity and borrowed funds used to invest in operating capital required for business.

Customer: Retail outlet, restaurant or other operation that sells or serves Company products directly to consumers.

Derivatives: Contracts or agreements whose value is linked to interest rates, exchange rates, prices of securities, or financial or commodity indices. The Company uses derivatives to reduce its exposure to adverse fluctuations in interest and exchange rates.

Dividend Payout Ratio: Calculated by dividing cash dividends on common stock by net income available to common share owners.

Economic Profit: Represents net operating profit after taxes in excess of a computed capital charge for average operating capital employed.

Economic Value Added: Represents the growth in economic profit from year to year.

Fountain: System used by retail outlets to dispense product into cups or glasses for immediate consumption.

Free Cash Flow: Cash provided by operations less cash used in investing activities. The Company uses free cash flow along with borrowings to pay dividends and make share repurchases.

Gallon Sales (Shipments): Unit of measurement for concentrates and syrups sold by the Company to its bottling partners or customers.

Gross Margin: Calculated by dividing gross profit by net operating revenues.

Interest Coverage Ratio: Calculated by dividing income from continuing operations, excluding unusual items, plus income taxes and interest expense, by the sum of interest expense and capitalized interest.

Environmental Statement

The Coca-Cola Company touches the lives of billions of people around the world, and our responsibility to them includes conducting our business in ways that protect and preserve the environment. This is part of our heritage, and something we will continue to pursue in the decades to come. In fulfilling this responsibility, the Company has adopted a comprehensive environmental policy outlining a set of fundamental principles to which we adhere. In addition, we have dedicated ourselves to a comprehensive environmental management system. The pillars of that system are: *environmental policies* that guide the Company's efforts; *good environmental practices* that make these policies operational; *environmental training* that equips associates to implement these policies; and *environmental audits and corrective action planning* that ensure ultimate implementation. The Coca-Cola Company is dedicated to continuous improvement and setting standards in environmental excellence, because we believe the best possible environment for our business is the best possible environment.

International Business Sector: Refers to Company's operations outside the United States and Canada.

Market: Geographic area in which the Company does business, often defined by national boundaries.

Net Debt and Net Capital: Debt and capital in excess of cash, cash equivalents and marketable securities not required for operations and temporary bottling investments. The net-debt-to-net-capital ratio excludes debt and excess cash of the Company's finance subsidiary.

North America Business Sector: Refers to Company's operations in the United States and Canada.

Operating Margin: Calculated by dividing operating income by net operating revenues.

Per Capita Consumption: Average number of soft drinks consumed per person, per year in a specific market. Computed by dividing the number of 8-ounce soft drink servings sold annually in that market by the total population.

PET (Polyethylene Terephthalate): Plastic used to make soft drink bottles.

Return On Capital: Calculated by dividing income from continuing operations before changes in accounting principles less tax-adjusted interest expense by average total capital.

Return On Common Equity: Calculated by dividing income from continuing operations before changes in accounting principles less preferred stock dividends by average common share-owners' equity.

Serving: Eight U.S. fluid ounces of a beverage.

Share Of Sales: Company's unit case volume as a percentage of the total unit case volume of the flavored carbonated soft drink segment of the commercial beverages industry within a specific market.

Syrup: Concentrate mixed with sweetener and water, sold to customers who add carbonated water to produce finished soft drinks.

Total Capital: Equals share-owners' equity plus interest-bearing debt.

Unit Case: Unit of measurement, which is 24 8-ounce servings.

Unit Case Volume: Number of unit cases sold by bottling partners to customers; considered an excellent indicator of the underlying strength of soft drink sales in a particular market. Includes Company products reported as gallon shipments and other key products that are owned by our majority-owned bottlers.

Equal Opportunity Policy

The Coca-Cola Company employs nearly 33,000 people worldwide and maintains a long-standing commitment to equal opportunity, affirmative action and valuing the diversity of its employees, share owners, customers and consumers. The Company strives to create a working environment free of discrimination and harassment with respect to race, sex, color, national origin, religion, age, disability or being a veteran of the Vietnam era, as well as to make reasonable accommodations in the employment of qualified individuals with disabilities. In addition, the Company provides fair marketing opportunities to all suppliers and maintains programs to increase transactions with firms that are owned and operated by minorities and women.

SHARE-OWNER INFORMATION

Common Stock

Ticker symbol: KO

The Coca-Cola Company is one of 30 companies in the Dow Jones Industrial Average.

Common stock of The Coca-Cola Company is listed and traded on the New York Stock Exchange, which is the principal market for the common stock, and also is traded on the Boston, Cincinnati, Midwest, Pacific and Philadelphia stock exchanges. Outside the United States, the Company's common stock is listed and traded on the German exchange in Frankfurt and on Swiss exchanges in Zurich, Geneva, Bern, Basel and Lausanne.

Share owners of record at year-end: 195,036

Shares outstanding at year-end: 1.276 billion

Dividends

At its February 1995 meeting, the Company's Board of Directors increased the quarterly dividend to 22 cents per share, equivalent to an annual dividend of 88 cents per share. The Company has increased dividends each of the last 33 years.

The Coca-Cola Company normally pays dividends four times a year, usually on April 1, July 1, October 1 and December 15. The Company has paid 295 consecutive quarterly dividends, beginning in 1920.

Dividend and Cash Investment Plan

All share owners of record are invited to participate in the Dividend and Cash Investment Plan. The Plan provides a convenient, economical and systematic method of acquiring additional shares of the Company's common stock. The Plan permits share owners of record to reinvest dividends from Company stock in shares of The Coca-Cola Company. Share owners also may purchase Company stock through voluntary cash investments of up to \$60,000 per year.

All costs and commissions associated with joining and participating in the Plan are paid by the Company.

The Plan's administrator, First Chicago Trust Company of New York, purchases stock for voluntary cash investments on or about the first of each month, and for dividend reinvestment on April 1, July 1, October 1 and December 15.

At year-end, 52 percent of share owners of record were participants in the Plan. In 1994, share owners invested \$24.6 million in dividends and \$32.3 million in cash in the Plan.

Annual Meeting of Share Owners

April 19, 1995, at 9 a.m. local time
Hotel du Pont
11th and Market Streets
Wilmington, Delaware

Publications

The Company's annual report on Form 10-K and quarterly reports on Form 10-Q are available free of charge from the Office of the Secretary, The Coca-Cola Company, P.O. Drawer 1734, Atlanta, Georgia 30301.

A Notice of Annual Meeting of Share Owners and Proxy Statement are furnished to share owners in advance of the annual meeting. Interim reports, containing financial results and other information, are also distributed to share owners.

Also available from the Office of the Secretary are *Our Mission and Our Commitment* and *The Chronicle of Coca-Cola Since 1886*.

Corporate Offices

The Coca-Cola Company
One Coca-Cola Plaza
Atlanta, Georgia 30313
(404) 676-2121

Mailing Address

The Coca-Cola Company
P.O. Drawer 1734
Atlanta, Georgia 30301

Share-Owner Account Assistance

For address changes, dividend checks, direct deposit of dividends, account consolidation, registration changes, lost stock certificates, stock holdings and the Dividend and Cash Investment Plan:

Registrar and Transfer Agent
First Chicago Trust Company of New York
P.O. Box 2500
Jersey City, NJ 07303-2500
(800) 446-2617 or (201) 324-0498
For hearing impaired: (201) 222-4955
E-mail: FCTC@DELPHI.COM
or
Office of the Secretary
The Coca-Cola Company
(404) 676-2777

Institutional Investor Inquiries

(404) 676-5766

Annual Report Requests

(800) 438-2653



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